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Four Ways Builders Risk Coverage Is Reshaping Construction Risk Management

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Construction risks are evolving as threats to jobsites evolve. Thankfully, builders risk insurance is evolving as well.

The builders risk insurance market size reached \$5.36 billion last year, a signal of the current upward shift in the construction industry. For decades, volatility defined the sector, with pipelines rising and falling on material prices, interest rates, labor shortages, and catastrophic risks like wildfires and water damage. Today, it's a different story.

While volatility isn't going away, developments in underwriting, jobsite technology, and catastrophic risk management are reshaping builders risk coverage from a reactive safeguard into a proactive framework for managing risk.

This shift comes into focus in four key areas that are redefining how builders risk insurance supports project planning, financing, and execution. Consider each of these developments and what they mean for builders risk coverage on your projects and in your organization.

UNDERWRITING IS BECOMING DATA DRIVEN

The underwriting process for builders risk has advanced far beyond static project valuations and generic regional assumptions. Today, predictive analytics enable insurers to evaluate granular factors, including construction timelines, material sourcing, weather patterns, and trade partner



reliability. Tools that score trade partner default probability, for example, can flag instability long before it disrupts a project. This shift gives insurers greater precision – but it also raises expectations for transparency and documentation.

Leaders who bring brokers and carriers into the planning process early can harness these tools to surface exposures before they materialize. Sharing accurate data on trade partners, schedules, and materials enables more favorable underwriting, which in turn stabilizes budgets and financing. By treating underwriting as a collaborative, data-driven exercise, leaders can turn insurance into a lever for predictability rather than an afterthought cost.

TECHNOLOGY IS SIGNALING PROACTIVE MANAGEMENT

Monitoring technology — from water-damage sensors and drones to AI-enabled safety cameras — has crossed the line from optional enhancement to baseline expectation. Insurers now see these tools as real-time signals of proactive risk management. Projects that implement them often secure stronger coverage terms, while investors view them as proof that capital is being deployed responsibly. In a hyper-competitive construction environment, perception of control is almost as important as control itself.

Companies should frame technology deployment as both loss prevention and proof of discipline. This means not just adopting monitoring tools, but integrating their data into regular reporting to underwriters, lenders, and project owners. Doing so builds negotiating leverage, strengthens stakeholder confidence, and positions the organization as forward-thinking in its risk posture.

QUALITY REPLACES SAFETY AS THE NEXT BENCHMARK

For the past two decades, safety has been the defining metric of construction liability management and the industry has made amazing progress in defining, measuring, and improving site safety. Now, attention is shifting to construction defects — a less visible but equally costly driver of claims. Technologies that integrate continuous site video with BIM models allow contractors to detect errors in real time, catching problems before they become embedded in walls or systems. Insurers are beginning to incentivize the use of these tools, recognizing their potential to reduce long-tail liability.

Industry executives now have a chance to lead on defining quality as a measurable organizational standard, which has always been an elusive as well as challenging goal. Defining exactly what constitutes a quality control miss and establishing defect-detection protocols and reporting them to insurers not only reduces claims exposure but also strengthens brand reputation with owners and capital providers. Leaders who move early to mandate and adopt clearly definable quality control metrics as part of their project risk review will gain an


advantage as insurers and regulators inevitably make this the next industry benchmark.

CATASTROPHIC RISKS ARE MORE MEASURABLE

Wildfire, historically difficult to predict with any precision, has now joined hurricanes, floods, and earthquakes as a core modeled peril. Advances in site-hardening strategies and localized predictive tools are allowing insurers to write coverage that was once unavailable. Similarly, water-damage mitigation technology has gone from a bonus to a requirement, dramatically stabilizing the builders risk insurance market for wood frame construction risks. These changes are redefining how carriers approach catastrophic risks — not as unmanageable threats, but as exposures that can be measured and controlled with the right planning.

Catastrophe and water mitigation should be institutionalized as non-negotiables across projects, even if the insurance carriers don't mandate same, since most policies now impose substantially higher deductibles in the event of water-related or other catastrophic losses. This means implementing clearance zones, backup power solutions, and water-mitigation protocols as part of standard project delivery. Beyond protecting individual projects, the data generated from these practices can inform enterprise-level strategies around trade partner selection, bidding, and capital allocation. Leaders who embed these lessons across their portfolios are not only improving insurability but also building resilience into the long-term growth of their organizations.

Volatility will always be part of construction — cycles of demand, shifting material costs, labor shortages, and catastrophic events are not going away. What's changing is the ability to make that uncertainty more measurable and manageable. Builders risk has moved beyond simply absorbing project losses after they occur; it is now a strategic tool that informs planning and design, strengthens financing, and builds confidence with stakeholders.

To unlock that value, leaders need the right partners. An experienced broker can bridge the gap between insurer expectations and jobsite realities, securing coverage that not only protects projects but also advances long-term strategy. 



About the Author

Kirk Chamberlain leads national construction practice for [HUB International](#). His background comprises more than 30 years of leadership roles within the construction and large capital projects sector as a broker, risk manager, underwriter, and risk consultant, working with a wide range of public and private contractors, project owners, and developers, and their legal and financial advisory teams.

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