

Marsh Specialty

# Infrastructure development

Leveraging insurance risk capital



# Supporting your project

Early engagement, a thorough understanding of the project and of the various contractual agreements, and structured and transparent communication are vital in achieving financial close on time and budget.

We recognise the importance of getting to know you and your project. Marsh's structured service methodology will commence with a tailored insurance workshop. We will review contractual obligations including bid and post-bid insurance deliverables to structure a detailed service timeline ensuring project milestones are understood, agreed, and met.

Marsh's integrated infrastructure practice focuses on every aspect of construction and operational risk. We have:

- **Specialists** – dedicated infrastructure sector insurance experts who specialize in policy drafting, contract review, and project financing work alongside risk engineers, country risk analysts, ex-analysts, ex-underwriters, and ancillary product line professionals.
- **Experience** – in all aspects of investment risk and project delivery including risk allocation, program design, and project financing.
- **Risk allocation knowledge** – ensuring adequate identification, analysis, and allocation of investment and other project risks.
- **Risk engineering expertise** – risk reviews and probable maximum loss (PML) studies managed in-house, including terrorism blast modelling.
- **A global network** – operating in over 130 countries with approved partners in many more.

KICK OFF MEETING

Review contracts, EPC, PPP, O&M, etc.

Insurance overview report

## TYPICAL MILESTONES

Client appoints insurance advisor

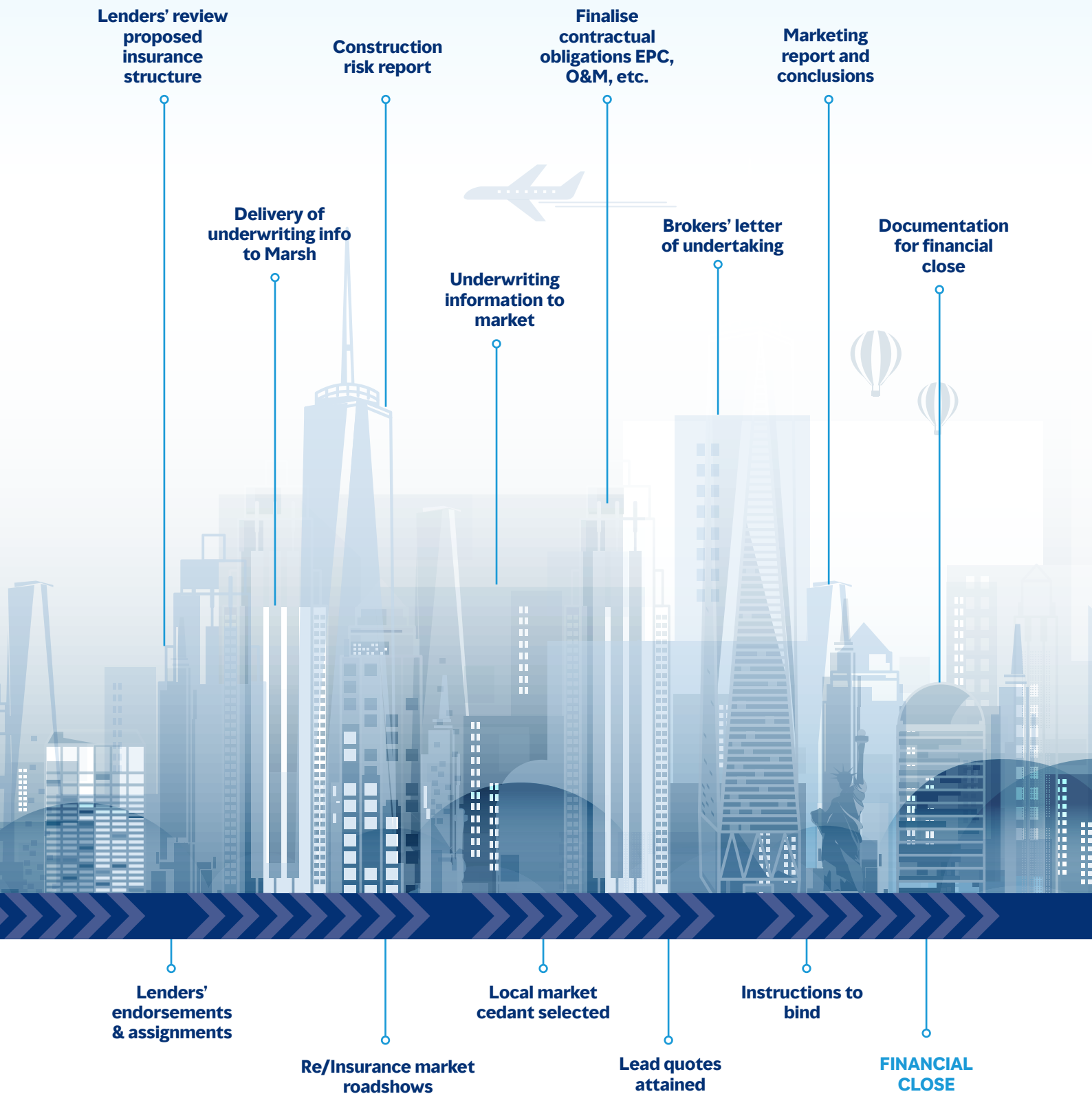
Understand financing strategy and provide country risk analysis

Review local insurance regulations

Lenders' insurance advisor appointed

Finance agreement first draft

Policy wording preparation



# Key services through the project lifecycle

Development/Concept

Planning/Design

## RISK AND INSURANCE ADVISORY SERVICES

PROJECT RISK ASSESSMENT SERVICES

INSURANCE DUE DILIGENCE

ESG RATING TOOL & ESG STRATEGIES

LENDER INTERFACE ADVISORY SERVICES

CONTRACT RISK MATRIX & INSURANCE ALLOCATION REVIEW

## INSURANCE BROKING SERVICES

EQUITY CONTRIBUTION & COMPLETION BONDS

SURETY

NON-PAYMENT & POLITICAL RISK

### KEY RISK

- Objectives, experience and sophistication of public sector partner.
- Jurisdiction and legal system.
- Regulatory system and conditions.
- Industry sector risk.
- Quality of technical advisers.
- Environmental risk.

### KEY RISK

- Country and political risks.
- Jurisdiction and legal system.
- Industry sector risk.
- Technology/supplier risk.
- Regulatory system and conditions.
- Contractual risk.
- Quality of technical advisers.
- Professional liability.
- Environmental risk.
- Non-payment risk.

## Construction/Execution

## Operational/Maintenance

### INSURANCE CLAIMS SUPPORT SERVICES

PROJECT DELAY & CLAIMS MONITORING

VENDOR INSURANCE DUE DILIGENCE

### RISK ENGINEERING SERVICES

PROJECT GOVERNANCE & CONTROLS

CONSTRUCTION ALL RISKS/  
DELAY IN START-UP

PROPERTY DAMAGE (PD)/  
BUSINESS INTERRUPTION (BI)

### THIRD PARTY LIABILITY

MARINE CARGO / DELAY IN START-UP

TRANSACTIONAL RISK INSURANCE

### KEY RISK

- Completion and delay risk.
- Performance and technology risk.
- Industry sector risk.
- Supply chain risk.
- Natural hazard risks.
- Environmental risk.
- Country and political risks.
- Property damage arising out of construction.
- Marine transit exposure.
- Liability exposures arising out of construction.

### KEY RISK

- Industry sector risk.
- Crisis and reputational risk.
- Macro economic risks.
- Revenue and market demand risk.
- Country and political risk.
- Property damage arising out of operations.
- Liability exposures arising out of operations.
- Supply risk – commodity pricing.
- Natural hazard risks.
- Refinancing risk.
- Tail risk (decommissioning, hand back/exit strategies).

# Our approach

## Program insurances

### Core insurances

While the demands of public authorities and lenders can vary in different territories, we consider the list below to represent the typical minimum suite of infrastructure public private partnership (PPP) project insurances.

#### Construction phase

Construction all risks and delay in start up

Third party liability

Sabotage and terrorism, physical damage, and delay in start up

Marine cargo and delay in start up

#### Operational phase

All property damage including machinery breakdown and business interruption

Third party liability

Sabotage and terrorism, physical damage, and business interruption

### Additional insurances

In addition to the typical required insurances, we work closely with other product line specialists to offer a wide scope of project insurances including:

#### Construction and operational phases

Cyber

Environmental impairment liability

Professional indemnity

Financial crime

Political violence and political risk

Directors and officers liability

### Credit and political risk protection

Understanding the political, payment and performance risks associated with an infrastructure project is a key part of project due diligence. Infrastructure financiers and developers can utilise the credit and political risk insurance market to protect loans and/or equity investments against wide ranging political, payment, and performance risks that may exist depending on the nature of the underlying project. Whether cash flows are received from government entities or private companies, solutions are available to safeguard payment and performance obligations, which can often unlock access to project finance.

Whether entering new markets or working with unfamiliar counterparties, having a good understanding of the bespoke solutions available to manage political, payment and performance risks can be a central factor in structuring the winning bid.

### Placement strategy

One of our key roles is to create and manage a competitive tender process, as required to comply with public tendering obligations.

Each project is evaluated based on the asset type, location, scope of work, and domicile of sponsors to select the optimal access point for each insurer.

Our international placement network enables competition to be generated across the globe where we have access to engineering insurers and reinsurers.

### Bespoke policy forms

Marsh has developed a new generation of policy wordings designed specifically for infrastructure assets. These forms are tailored from a broad and consistent base to meet the demands of individual projects and in particular those of international sponsors and commercial lenders.

### Benchmarking

We assess broad categories of historical placement data by risk type or location in order to provide accurate benchmarking which supports budget setting and contract negotiation with Engineering, Procurement, and Construction contractors (EPCs), public authorities, and lenders.

# Managing contractual risk

## Contractual risk matrix

The contractual structure of an infrastructure project is complex. Multiple insurance obligations must be considered across separate contracts with different stakeholders, each of whom will hold a different financial interest in the project.

The diagram on the next page details the typical insurance obligations under each of these agreements and the party responsible for each line of insurance. Ensuring the insurance requirements in all contracts are drafted in the knowledge of what is reasonably available, while making sure the various contractual obligations dovetail perfectly, is an area of which we have thorough knowledge.

## Project finance

Marsh takes a proactive approach to project financing advice, starting with the production and submission of a detailed insurance strategy document (the insurance overview report) to your lenders and their advisers.

We will support detailed negotiations with you, your legal advisers, and the lenders' insurance adviser (LIA) in order to rationalize insurance requirements for the benefit of the project.

We can benchmark these obligations against a portfolio of existing infrastructure assets totalling in excess of US\$100 billion.

Our in-depth understanding of the complexities of project finance, combined with our proactive approach, enables us to help you achieve financial close (FC) on time and budget.

## Managed workflow



Early understanding of contractual obligations and risk sharing



Thorough knowledge of local insurance legislation



Detailed insurance overview report for lenders



Project risk identification including insurable and uninsurable risks



Early sight and negotiation of the finance agreement



Use of broad manuscript wordings that have withstood numerous LIA reviews for both operational and construction risks

# Contractual risk matrix

## PROJECT COMPANY

Insurer Notice of Assignment  
 Insurer Acknowledgement of Assignment  
 Insurer Assignment of Reinsurance  
 Reinsurer Notice of Assignment  
 Reinsurer Acknowledgement of Assignment  
 Broker's Letter of Undertaking - Insurance  
 Broker's Letter of Undertaking - Reinsurance

### FINANCE AGREEMENT

Borrower obligations

Borrower insurances

Construction/Erection All Risks  
 Delay in Start Up  
 Terrorism including Delay in Start Up  
 Third Party Liability  
 Marine Cargo including Delay in Start Up  
 Property All Risks  
 Business Interruption  
 Terrorism - Property All Risks  
 Motor  
 Workers' Compensation

### ENGINEERING, PROCUREMENT, AND CONSTRUCTION (EPC) CONTRACT

Workers' Compensation  
 Motor  
 Machinery and Equipment  
 Aircraft/Watercraft

Contractor insurances

Project co-insurances

Contractors All Risks  
 Third Party Liability  
 Marine Cargo  
 Terrorism Property Damage

### OPERATION AND MAINTENANCE AGREEMENT

Property All Risks  
 Terrorism Property Damage  
 On site Third Party Liability

Project co-insurances

O&M contractor insurances

Workers' Compensation  
 Motor  
 Offsite Third Party Liability

### PPP AGREEMENT AND / OR CONCESSION

Project co-insurances

Contractors All Risks  
 Delay in Start Up  
 Terrorism including Delay in Start Up  
 Third Party Liability  
 Marine Cargo  
 Property All Risks  
 Business Interruption  
 Terrorism including Business Interruption  
 Motor  
 Workers' Compensation

### SHAREHOLDERS' AGREEMENT

### SITE USE AGREEMENT

Payment and Political Risks  
 Equity Contribution Commitments

Any insurance obligations?

Any insurance obligations?





# Our service team

## Quality of service

Marsh's Global Infrastructure Group is dedicated to the service and placement of risk and insurance solutions for infrastructure assets. Industry specialists act as a gateway to Marsh McLennan, providing a single point of contact to introduce wide ranging support from product and risk specialists. This translates into:

- Technical excellence.
- Structured service methodologies.
- Market knowledge.
- High servicing capability.
- Extensive resource and team flexibility.


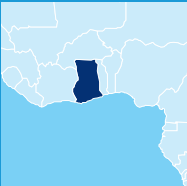

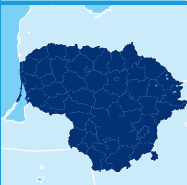



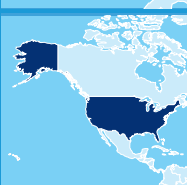
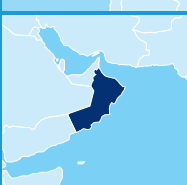
It is the individuals, their accumulated knowledge and expertise, combined with the breadth and depth of our supporting resource, that define the value the Global Infrastructure Group delivers to our clients. We are proud to have built a formidable infrastructure practice that embeds complementary product line specialists in both construction and operational risks.

We aim to offer a one-stop shop; your dedicated service team and account director will support all of your insurance needs, coordinating as required across the Marsh McLennan network..



## Multiple regions and sectors

Marsh's Global Infrastructure Group has a broad experience base, managing all types of infrastructure projects globally and across various sectors. The following projects represent a small sample of our existing placements by geography and industry.

	<b>Yozgat Hospital</b> Turkey Medical infrastructure
	<b>Tema Port Terminal 3</b> Ghana Ports and Terminals
	<b>Eastern Inner Ring Road (Athens)</b> Greece Transportation
	<b>Kedainiai bridge</b> Lithuania Transportation
	<b>Ferrybridge Multifuel 1 and 2</b> UK Waste to energy
	<b>Irish Water</b> Ireland Waste management
	<b>Rio Magdalena</b> Colombia Transportation
	<b>Elizabeth River Crossing</b> USA Transportation
	<b>Al Ghubrah Desalination Plant</b> Oman Water supply

60+

60+ rail / metro projects in Asia including more than 500km of tunnelling works



Broker to the largest infrastructure project in Europe



We have designed an insurance program for one of the largest P3 projects in North America to date

40

40 airport development projects exceeding US\$38 billion in the last five years



Over 550 PPPs globally



2022 Proud winners of the ESG Innovation Awards



# Market leading solutions

The Marsh Specialty Construction Practice is the largest team of dedicated construction specialists in the insurance industry. Made up of more than 1,200 construction specialists in nine global hubs, our team works closely with a variety of clients across the construction, infrastructure, and engineering sectors. From multi-million dollar turnover family businesses to multi-billion dollar multinationals, we tailor our range of services to our clients' needs and provide them with access to leading placement capabilities.

Our construction specialists offer single point of contact solutions for all construction-related classes of insurance, including construction all risks, professional indemnity, cyber, employers' liability, public liability, and surety bonds. Our size enables us to provide a broad range of placement services through our dedicated practice and in-house broking teams. Supplementing our core insurance broking capabilities, our risk consulting and advisory practice is available to help clients understand their level of risk tolerance, associated risk appetite, and optimal program design.

## How we are different

- **Depth of expertise** — We can draw on the experience and expertise of 1,200+ construction professionals. We understand contractual risk and have in-depth knowledge of the insurance market.
- **Unique insurance facilities** — Marsh offers a range of proprietary insurance solutions, each of which is designed to address profile-specific risks of our clients. One such facility is Fast Track, an innovative insurance solution that offers pre-arranged capacity from Lloyd's of London insurers, across all in scope lines of insurance, for placements in all regions of the world.
- **Multi-class solutions managed within our dedicated practice** — We provide a unified service to our clients. Solutions are delivered by the team for the standard construction insurance classes and all ancillary and associated classes, including marine, motor, office and contents, and pension trust liability.
- **A global network** — operating in over 130 countries with approved partners in many more.
- **Market relationships** — We use our size and experience to assist clients in negotiating premiums, designing program structures, and seeking to resolve major claims. In 2023, Marsh Specialty placed approx. US \$6 billion of construction insurance premiums.
- **Benchmarking** — Our extensive client portfolio enables us to conduct detailed benchmarking studies and, when requested, silent, non-obligation reviews of existing coverages.
- **Enhanced claims solutions** — Our claims team, consisting of more than 100 claims handlers, includes lawyers, former insurers, and loss adjusters. Our resources include advocacy and dispute management specialists. We have a 'cold case' claims capability to investigate and manage under policies we have not placed.
- **Risk consulting and advisory capabilities** — This includes engineering and enterprise risk management, probable maximum loss (PML) studies, risk finance optimization (RFO), claims management, and loss control solutions.



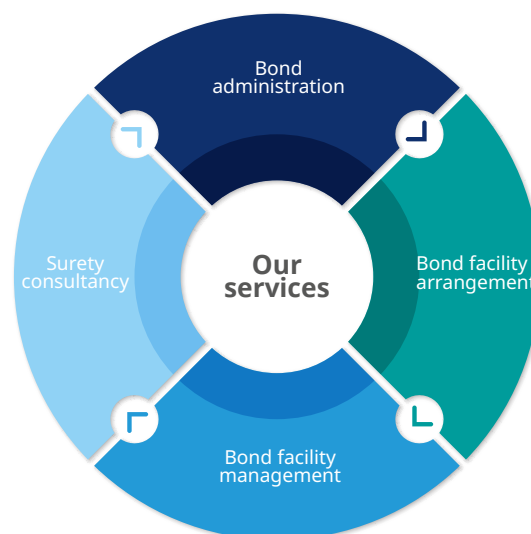
# Surety bonds

Our surety experts focus purely on surety bonds and guarantees. Our 300+ strong team of experienced surety professionals has developed strong relationships with key regulated bond providers around the world.

The practice provides a complete solution for sourcing surety bonds; from arranging bond facilities and ensuring adequate capacity, to advice on bond wordings and indemnity negotiation. The team delivers exceptional services in the marketplace.

We can assist with the following bond types:

- Performance bonds
- Advance payment bonds
- Retention bonds
- Subcontractor default insurance (SDI)



# Credit specialties

We deliver payment, performance and country risk and insurance knowledge and solutions. We specialize in leveraging insurance risk capital to optimize our clients' results.

We enable growth and enhance returns by facilitating sales, replacing collateral, securing finance, and releasing capital in a world of continuous change.

Our broad product offerings provide corporates, financial institutions, non-bank financial institutions, commodity traders, and public agencies access to a variety of insurance risk transfer solutions, which are tailored according to the complexity of the underlying credit risk.



**Political risk insurance (PRI)**



**Non-payment insurance (NPI)**



**Parametrics**



**Trade credit insurance (TCI)**

# Claims culture

Marsh's highly experienced claims professionals specialize in assisting clients with the management, negotiation, and settlement of a wide variety of losses.

Our dedicated team of contractor claims specialists focus on losses across various annual and project-specific policies. Horizontal integration across teams ensures that expertise is applied effectively to each circumstance and outcomes are achieved with our clients' needs at the forefront of any loss scenario. Our global claims experts are a diverse group of knowledgeable claims professionals, including loss adjusters, claims advocates, and forensic accountants from more than 40 countries, who are committed to settling major losses on behalf of policyholders across a wide range of industries worldwide.

## Core objectives

We focus on three core pillars throughout our claims operations in order to achieve the correct resolution for our clients:



### Client-driven service

- More than 50% of top 50 global contractors claims managed



### Technical and expertise

- Managed the largest engineering claim
- Market leading claims advocates with average expertise of 15+ years, including team members with legal background and training



### Market relationships, insight, and oversight

- Annual insurer benchmarking exercise
- Regular claims meetings with all key insurers

## Claims solutions

The management of insurance claims is becoming more complex. At Marsh Specialty, we are well positioned to assist you with our expertise, market knowledge, and relationships to develop a transparent resolution strategy.

Our aim is to minimize the impact and risk to your business, saving you time and money. Our skilled claims specialists work with you every step of the way as part of your team. By applying a tried and tested claims management and resolution methodology, we dedicate ourselves to recovering your full entitlement.

# Advisory capabilities

In an ever-changing world that is increasingly complex and dynamic, organizations are looking for ways to identify, understand, mitigate, and transfer risk. Marsh's specialists help you anticipate challenges and capitalize on emerging opportunities through proactive risk advice that builds resilience and confidence.

We can provide a variety of advisory capabilities, including:

## Environmental, social, and governance strategies

Engagement and deployment of ESG tools to recognize and navigate changing stakeholder expectations in this area. Our advisors provide guidance and understanding on developing regulatory contexts, using diagnostic tools to help clients benchmark their performance. We develop bespoke objectives, strategies, and governance structures to support internal change management. Our climate resilience experts are on hand to assist clients with risk mitigation related to environmental perils in the full range of industrial contexts.

## Risk finance optimization

We use data, analytics, and statistical modeling to provide an auditable insurance program design process. This will involve:

- Establishing risk appetite through assessment of risk tolerance, being a company's financial ability to retain insurance risk.
- Understanding an insurance program's key performance indicators to structure a program that optimizes a company's own capital rather than that of an insurer, but also dovetails with wider business goals.

## Project governance and controls

We can provide strategic risk advice on corporate risk structure, analysis, appetite, controls, and monitoring using key risk indicators. The effective design and implementation of project risk governance structures promote appropriate control and communication, and provide independent assurance of critical project controls thus managing cost, scope, quality, and schedule risks.

## Professional liability studies

By using our construction claims database, we can identify and quantify professional indemnity exposures and help you understand your control environment. This helps us design the most appropriate insurance solution and process improvements to protect an organization.

## Supplier and contractor due diligence

By assisting clients with establishing practical and effective due diligence processes and checks for third parties, we can help clients to mitigate counterparty risks and increase confidence among project stakeholders.

## Cyber

Marsh Advisory can help evaluate and mitigate cyber risks in the contractor space, and support you with professional indemnity and third party liability policies, estimation of cyber potential losses, and placement of cyber insurance programs.

### Property and safety risk advisory

Our specialized risk engineers and consultants can provide a range of operational risk assessments and advice, covering property risk surveys of operational risk assessments and advice by our specialised risk engineers and consultants; from property risk surveys (including specialist flood risk surveys) and valuations, to mental health and wellbeing, health and safety, motor fleet risk, and procedure audits and training.

### Project delay and claims monitoring

Throughout a project's life cycle, our engineers can monitor and test progress and identify a project's evolving critical path. Should critical delays be identified, we can assist in the design and implementation of mitigation and acceleration measures. For any consequential costs incurred, delays, or financial losses, we can help you to assess the appropriate recovery routes via insurance or contracts, and prepare claims or assist in dispute resolution proceedings.

### Terrorism estimated maximum loss

Our specialist security engineers can conduct a threat, vulnerability, and risk assessment based on project location and profile. Using bespoke blast models, we can assist in predicting the financial implications of a catastrophic terrorism event. Understanding the threat and potential impact allows us to provide advice on practical measures to manage the risk and select appropriate levels of cover.

# Knowledge sharing

#### Marsh Specialty Construction Academy

We organize annual training courses in locations around the world. The workshops provide the opportunity for participants to gain further knowledge, skills, and experience in construction insurance and risk management issues. The structure of the course content translates into real life, with practical learning examples. The training is delivered by members of our core management team, alongside specialist guest lecturers.

#### Building knowledge

We share content freely and openly with our clients in the form of blogs, white papers, and workshop events. As part of our building knowledge initiative, we offer readers and participants insights into insurance and risk issues to support their knowledge and understanding. If you would like to suggest a topic for us to cover on current and emerging trends, please contact your Marsh Specialty representative.

#### Webinars

To provide our clients with a more interactive knowledge sharing experience in real-time, we have introduced a webinar schedule focused on delivering educational presentations, on a range of topics of interest to our contractor clients.





# Meet the team

To inquire further about how we can assist your construction project, please contact your local Marsh Specialty representative or:

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## About Marsh

Marsh, a business of Marsh McLennan (NYSE: MMC), is the world's top insurance broker and risk advisor. Marsh McLennan is a global leader in risk, strategy and people, advising clients in 130 countries across four businesses: Marsh, Guy Carpenter, Mercer and Oliver Wyman. With annual revenue of \$23 billion and more than 85,000 colleagues, Marsh McLennan helps build the confidence to thrive through the power of perspective. For more information, visit [marsh.com](https://marsh.com), or follow on [LinkedIn](#) and [X](#).

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