

# Marsh Specialty

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## Chemical and polymer projects



The demand for products from fertilizer to plastic wrap is driving global demand for chemical and polymer plant construction. It is reported that more than 1,000 projects are planned to start construction globally between 2023 and 2027, predominantly located in APAC, North America, and MEA. Project capex in the sector is expected to exceed US\$1.25 trillion.

Chemical and polymer projects offer the construction industry many opportunities, although it is important to ensure that companies maintain a comfortable level of risk. In an evolving construction insurance landscape, investors, owners, developers, and contractors should maintain awareness of any issues that could affect their coverage in order to accommodate project needs and keep them on track financially.

### The state of the construction insurance market

The market has gone through a clear transition, moving from one that experienced stable or declining pricing for over a decade to one in which prices have been rising, but with some moderation in terms of price rises moving into 2023.

Appetite for international business continues to focus on one-off single projects. This is driven by insurers' need to monitor global accumulations across their entire portfolio, and the increased focus on natural catastrophe, which insurers insist is modeled on a case-by-case, site-specific basis. The market is expected to remain challenging for the near future, with underwriters continuing to scrutinize each project. Insurers will seek detailed risk information, which will undergo in-depth review. As ever, early engagement and quality information remain key to attracting the optimum terms and premium.

### Navigating the construction insurance market

Time and information are fundamental to negotiating optimum outcomes. The time being taken to negotiate terms has dramatically increased, making early engagement with insurers essential. Being prepared with the information an underwriter will likely ask for, replaces doubts with facts.

Your Marsh Specialty construction team will engage with you early and will be looking for extensive project information to support the approach to insurers, both construction and operational.

### How to gain optimum insurance terms

Work with a broker who has expertise in both construction and in wider specialties, including the capabilities to properly respond to challenging economic and business risks. With their technical expertise, market knowledge, and working understanding of underwriters, brokers come into their own during periods of tightening insurance markets. In order to gain the most effective insurance for their projects, clients should start working with their brokers as early in the process as possible to ensure their contractual structure reflects the optimal insurance program design and enables sufficient time for terms to be negotiated.

## Our capabilities

Marsh Specialty has a dedicated team of construction specialists who consult, place, and service all forms of chemical and polymer projects globally.

In 2022 we placed in excess of US\$100 billion of project values for the full range of process industries. During the past five years, we have settled numerous large complex losses on energy-related claims, with many claims in the eight-figure category as well as some comfortably in the nine-figure range. Our specialist claims advocates are often engaged to manage claims recovery on behalf of third parties under policies we did not place.

## Project finance

Marsh Specialty takes a proactive approach, starting with the submission of a detailed insurance strategy document (the Insurance Overview Report) to your lenders and their advisors. We will support detailed negotiations with you, your legal advisors, and the lenders' insurance advisor (LIA) in order to rationalize insurance requirements for the benefit of the project.

## Market-accepted specialised wordings

Having consulted with you and your LIA and legal advisors on extent and basis of cover, we will help you achieve cost-effective insurance suitable for the requirements of all. In order to get claims paid and speed up recovery, our policy experts have developed a suite of manuscript wordings tailored to the nuances of the sector. Key attention has been given to: Design defect, maintenance, corrosion, and handover to operations.

## Efficient workflow management

Simplicity is so often best. Methods we employ to understand and deliver risk solutions include: Mapping of contractual obligations, understanding local insurance legislation, encouraging early disclosure to insurance deliverables and timetable, and early sight and negotiation of insurance schedules within project documents.

## Ability to design and place programs for prototypical technology

To achieve optimum coverage, our engineering/risk management team analyses information and compares it with precedent or 'peer' cases. We gain a full understanding of engineering or technical implications, and advise the project team on potential risk profile and mitigation factor changes. We also gain an understanding of technology providers', or licensors', warranties or guarantees.

## Specialist claims support

As claims become larger and more complex, our approach is to use detailed preparation, exacting project management, tenacious negotiation, and diplomatic relationship management. Our team of senior experts includes former chief claims officers, chartered loss adjusters, surveyors, and forensic accountants, lawyers and investigation specialists, engineers, and global claims managers.

## Contacts

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## About Marsh

[Marsh](#) is the world's leading insurance broker and risk advisor. With over 45,000 colleagues operating in 130 countries, Marsh serves commercial and individual clients with data-driven risk solutions and advisory services. Marsh is a business of Marsh McLennan (NYSE: MMC), the world's leading professional services firm in the areas of risk, strategy and people. With annual revenue over \$20 billion, [Marsh McLennan](#) helps clients navigate an increasingly dynamic and complex environment through four market-leading businesses: [Marsh](#), [Guy Carpenter](#), [Mercer](#) and [Oliver Wyman](#). For more information, visit [marsh.com](http://marsh.com), follow us on [LinkedIn](#) and [Twitter](#) or subscribe to [BRINK](#).

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