The global pandemic has left both companies and insurance underwriters wrestling with heightened exposure from supply chain disruptions. Mike Arundel, Senior Risk Engineer at BHSI, talks about how these risks are shaping BHSI’s conversations with customers and risk engineering is bringing certainty and confidence to insurance coverage and claims handling.

How are supply chain issues impacting customers?

**Mike Arundel:** There are many implications across virtually every sector. One I work with closely is construction—and specifically principals and contractors with contract works exposures. Every project is different, and so are its supply chain considerations. For example, depending on where in process a project is, delay in start-up could be a potential exposure. Project location can also be an issue, with weather and topography having an impact. Earlier this year, a massive cyclone in the Kimberly region cut off access to a major highway in Australia. Simply getting to Perth suddenly required thousands of kilometers in detours, with serious ramifications for project schedules and costs. Weather and other events kilometers—or continents—away can have ripple effects on both local and global supply chains.

What advice do you have for project owners or managers seeking to secure the best possible contract works coverage?

**MA:** Construction project managers need to be as transparent as possible in considering all angles of their exposure, and today supply chain is an especially prominent risk. Are supplies coming from all over the world, or are materials fabricated locally? Are there critical components that are on a critical path coming from overseas countries with transport challenges? Is the project in a remote location, which is particularly common with mines?

Supply chain issues can create cost pressures not only due to delayed or cancelled shipments but also cost inflation. If a project plan was completed five years ago and has been awaiting approval, the cost of many goods—steel is one example—is likely to have skyrocketed in the interim. In addition, Quality Assurance and suitable skilled labor plans must be in place, which is another challenge given persistent labor shortages.

How are BHSI’s risk engineering services helping customers assess and address supply chain risk?

**MA:** When we work with our customers, it’s very clear that we want to be a partner. We want to find ways to say yes to writing coverage—coverage that gives both BHSI and our customers confidence and certainty in addressing their particular risk.

As a company, BHSI always chooses simplicity over complexity—and that carries over to both our risk engineering and our underwriting. We don’t want to make the submission process complicated or laborious. We zero in on the particular questions that really matter for the risk we are considering.

When looking at contract works risks, I prefer to have an open discussion with the project manager and key people at the site or on the project team. This single step typically makes a critical difference. Everyone knows that we are all rowing in the same direction with the shared goal of instilling the right project risk controls and the best possible coverage. Our risk engineers collaborate with our customers, our underwriters and our claims team to make this happen, bringing clarity and certainty to both coverage and claims handling when our customers need it. Volatility is a way of the world today. We do not shy away from it. We work together with our insureds and underwriters to deliver as much certainty as we can in a world full of uncertainty. That’s what BHSI’s risk engineering is all about.
For more information, please visit: www.bhspecialty.com.

BHSI provides a full range of property coverages worldwide, supported by a global risk engineering team with decades of experience. Its risk engineering team of 11 in Australia and New Zealand averages 20 years of experience and includes engineers with Mining, Civil, Mechanical and Chemical certifications.