

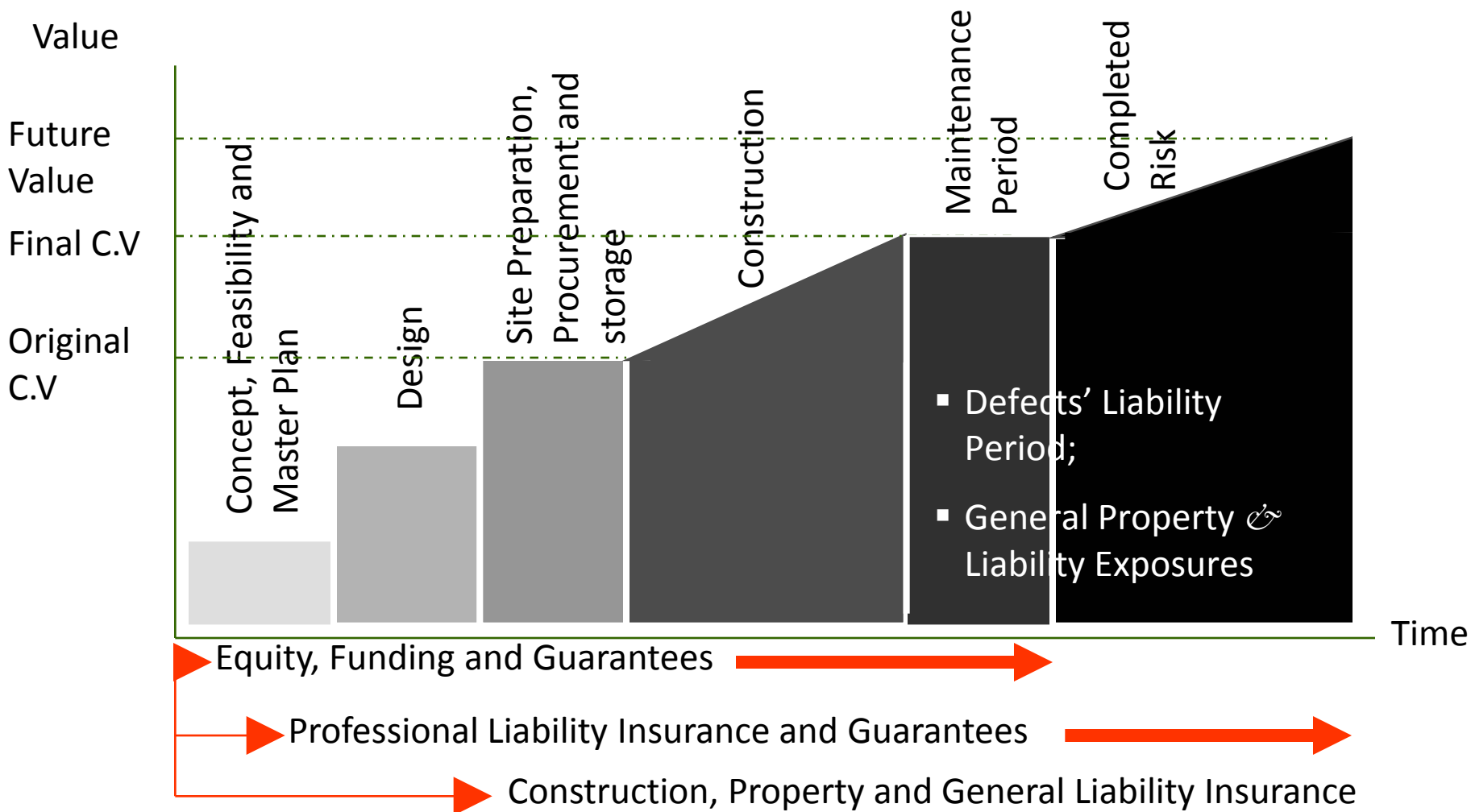
Risk Management in Property Development

A 1-Day Conference under the auspices of DOHALAND
Doha Knowledge Enrichment Centre [10.05.2010]

Agenda

- THE PROJECT LIFE CYCLE, RISKS & THEIR FUNDING
- NATURE OF LOSSES AND THEIR IMPACT
- THE ICEBERG EFFECT
- CONTRACTUAL OBLIGATIONS RELATING TO INSURANCE
- INSURANCE PRODUCTS IN THE PRODUCT LIFE CYCLE

CONSTRUCTION PROJECTS & THEIR INSURANCE



The Project Life Cycle, Risks & Their Funding

- As time progresses the value [and potential loss] increases
- The nature and type of losses increase
- The nature and type of recourse also increases

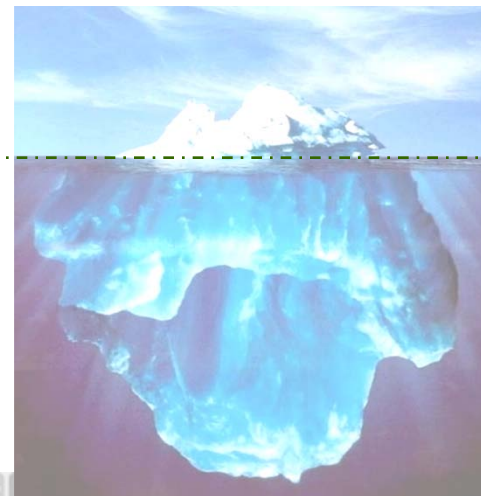
Nature of Losses and Their Impact

- Cost
- Time
- Quality



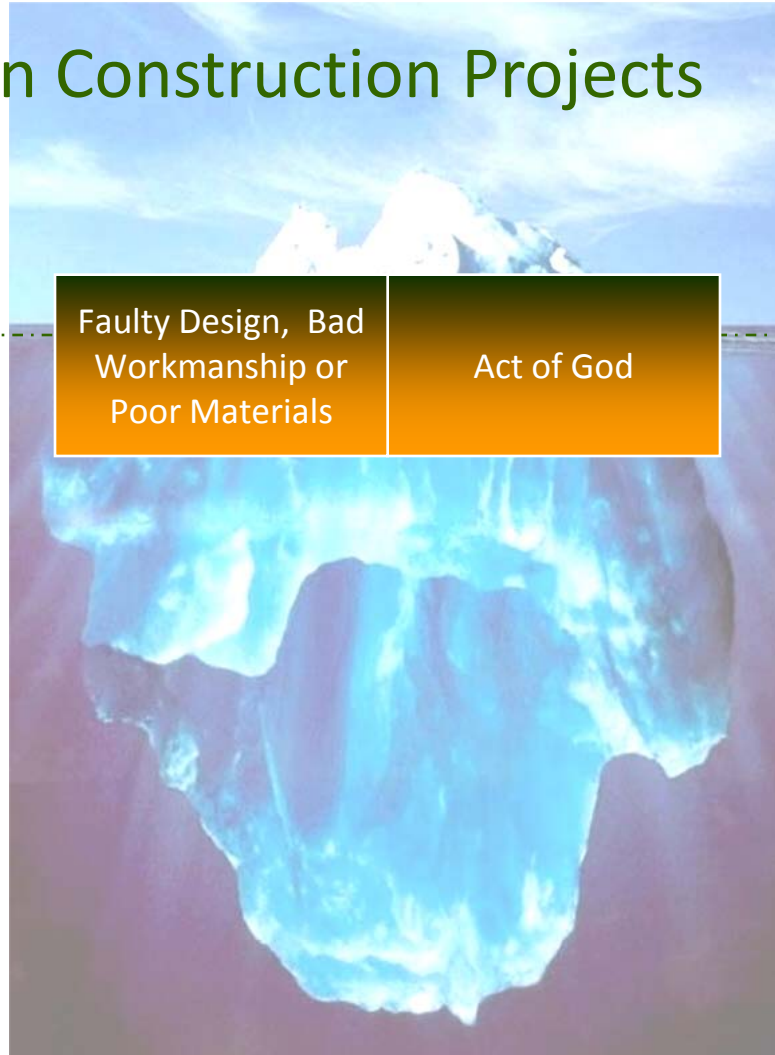
*To what extent
are these
insurable?*

The
Iceberg
Effect



The Iceberg Effect in Construction Projects

- Economic & Insolvency Risks
- Performance Risks
- Contract Variation
- War / Nuclear Risks
- Force Majeure & Environmental Risks
- Commodity Price Fluctuation
- Currency & Interest Rate Risks



Faulty Design, Bad Workmanship or Poor Materials

Act of God

- Accidental Damage
- Damage to Consignments
- Social Risks
- Political Risks

Contractual Obligations relating to Insurance

Contractor:

- To finish contract in time and according to specifications
- To safeguard the property
- To hold the contractor harmless
- To purchase insurance

Professional:

- To provide professional advice or service
- To provide evidence of Professional Indemnity Insurance

Landlord or Tenant:

- Operational insurances

Insurance Products:

■ *Pre-commencement:*

- Bonds / Guarantees
- Professional Indemnity Insurance
- Latent Defects' Cover

■ *Project commencement:*

- Construction or Erection Insurance: Material Damage, Liability and/or Principal's loss of Rent / Profit
- Excess Liability Coverage [if required]
- Other Covers: Loss of Liquidated Damages, Project Over-run etc.

Some pertinent questions pitfalls:

- Principal or Contractor-driven Insurance?
- Manuscript or Standard Wording?
- Value: Quality of Reinsurance?
- Multiple Insureds, Cross Liability, Waiver of Subrogation?
- Cross Liability and Employers' Liability
- PI: Project specific or annual and renewable?
- Latent Defects' Cover or PI w/extended reporting period?

Any Questions?

Thank You.

Risk Management in Property Development

A 1-Day Conference under the auspices of DOHALAND
Doha Knowledge Enrichment Centre [10.05.2010]