

## RSA warns on construction premiums

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Smith: RSA piloting technology

RSA's construction, power and engineering director for insurance, David Smith, has warned insurers against offering "unsustainable" premiums in light of a Royal Institution of Chartered Surveyors' report stating that the price of new construction work in the second quarter remained the same as the first quarter, despite rising costs.

The RICS reported that, with a decline in new work output forecasted, tender prices are expected to fall further over 2008 and 2009, with "little room to manoeuvre" if input costs keep rising as predicted.

Mr Smith warned: "Insurance will represent a cost that will be built into the tender price, so inevitably it will be strongly challenged. The industry, however, needs to guard against driving premiums to an unsustainable level to fund against claims costs. This can ultimately result in subsequent price corrections or even a lack of capacity to support builders or projects in the future."

He added that RSA would provide "certainty and stability" for customers and remarked: "In this tight economic environment, where tender costs are constantly being challenged, it's important to ensure that quality and safety do not suffer. Cutting corners in health and safety, for example, is not morally, legally or commercially acceptable in what is an inherently hazardous industry. Firms that do this will ultimately pay a heavy price for it."

Mr Smith said that RSA has been piloting mobile biometric technology, linked to a simple web browser, to monitor employees' and sub-contractors' site attendance in order to mitigate risks and reduce cost.