



News Release

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WILLIS GROUP'S PAUL BECKER, NORTH AMERICAN CONSTRUCTION PRACTICE GROUP LEADER, TESTIFIES BEFORE SENATE SUBCOMMITTEE ON CONSTRUCTION RISKS IN THE NEW ORLEANS CLEAN-UP

Washington, D.C., November 8, 2005 – Paul Becker, North American Construction Practice Group Leader for Willis, the global insurance broker, testified today at a hearing held by the Senate Subcommittee on Superfund and Waste Management on the construction risks inherent in the New Orleans clean-up. Becker, as a guest of Senator John Thune, Chairman of the Subcommittee, spoke of the distinctive risks contractors face in this unique “job site” and the need for a limit on the liabilities they will face.

Outlining insurance as a thoughtful process involving the assessment, mitigation, quantification and transfer of a client’s risks, Becker pointed to a great number of uncertainties at the extraordinary “job site” that is the City of New Orleans that preclude these steps from taking place.

“Models predict likely scenarios, calculate possible losses and then intelligent plans determine how to avoid such problems and spread the risk among various parties at an appropriate price, Becker said. Without “the assessment, how does a carrier know what the possible losses are? And if the risks are unknown such that there could be significant unforeseen liabilities, 1) how can contracting firms adopt preventative measures to avoid problems which will give rise to future claims? and 2) how can carriers determine the right price for the coverage?”

Various factors at the “site” lead to a great deal of uncertainty as to the long-term liabilities:

- Unusual and unknown health hazards;
- What chemicals are being released into the air during the clean-up?;
- The limited nature of the tools available to assess the number and types of environmental factors in play; and more.

“While many first-rate contractors are already on the ground participating in this important effort, many others are hesitant to get involved in projects of this magnitude unless they have insurance against what are normally quantifiable risks. And carriers as well tend not to write policies if they are not able to make the necessary judgments,” Becker said. “In the case of New Orleans, as it was with the World Trade Center, it will be almost impossible to establish the proper control procedures to protect their interests. Limiting the liability of construction companies engaged in the clean-up of New Orleans such that they can gain the cover they need is critical,” he concluded.

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Editor's note: Paul Becker's testimony is available via the following link:
http://www.willis.com/news/news_attachments/willistestimony11-8-05.pdf