

Covering Canada's Build

Lloyd's Insurers have been underwriting risks in Canada for almost two centuries, with Canada currently ranked as Lloyd's third largest global insurance market. This equates to circa CAD 4bn of annual premium flow into Lloyd's, with the Construction industry representing hundreds of millions of this income.

Construction has always been a mainstay of the Canadian economy. In 2024 alone, the value of construction work exceeded CAD 250bn, up around 45% from three years prior. Employing around 1.2m people, the construction industry is one of Canada's largest employers, contributing to over 7.5% (circa CAD 170bn) of the country's Gross Domestic Product.



- With an increasing population, Canada must upgrade its aging infrastructure with higher-capacity urban transportation networks, along with new utilities and services (e.g. healthcare and education). Both at federal and provincial levels, infrastructure reviews have been undertaken to ensure Canada is able to handle the expected residential and industrial growth. Such infrastructure projects could easily cost CAD 3tn, with the top 100 projects attracting hundreds of billions in investment.

massive construction endeavour. Taking the number at CAD 5tn, and applying an insurance rate of 1.5%, some CAD 75bn of insurance premiums could be expended over the next decade.

Underwriters will have to consider carefully new technologies and how they integrate with tried and tested methods. The use of drones, wearables and AI analytics are already prevalent, with robotics, 3D componentry and pre-fabrication methods ramping up.

- In contrast to their US neighbours, energy efficiency and green power remain integral to government policy. However, a shift back to conventional power and fossil fuel technology is also expected as the country looks to strike a balance between safeguarding the environment, whilst still maximising output from its own natural and other resources.

Environmental criteria will also have to be factored into pricing models, with the installation of energy efficiency measures likely being mandatory to reduce grid demands.

Other key aspects will be the ability to meet labour, supply and integration demands in assessing overall project risk. Valuable insights will come from looking at the use of real-time data and digital systems to track performance, safety and compliance (e.g. mitigating cyber risks and skilled labour concerns).

- A second oil/gas transmission pipeline is forecast to be constructed across Canada to allow Alberta-based oil and gas to be exported to markets other than the United States. This project alone is valued at CAD 100bn.

Euclid's position

Euclid has strong expertise in the Construction Professional Indemnity sector, with broad Primary and Excess layer appetite, in particular for Architects & Engineers and Design & Construction. Our Underwriters have decades of experience in Canada and look forward to helping Canada's burgeoning construction needs with Euclid's bespoke underwriting proposition. This includes easing the economic burden by partnering on pre-claim risk mitigation strategies, such as value add contract review work (e.g. ensuring effective collateral warranties are in place). Here's to reconstructing Canada together!

- A key driver will be the use of new technology, including Artificial Intelligence, to allow for quick action, and assuage material and labour shortfalls. Canada can lead the way in developing new approaches to old problems: construction innovation, supported by a government sponsored tax and credit system that encourages such evolution, will be crucial.

The Insurance Opportunity

Trillions of dollars in construction spending will be required for Canada to proceed in this



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The Construction Challenge

Several challenges face the Canadian market including:

- Lack of affordable residential dwellings (apartment, condominium and conventional housing): whilst non-residential construction is on the increase, residential figures were actually slightly down for 2024. The Canada Mortgage and Housing Corporation estimates that to meet needs and bring back affordability, some 4.8m homes must be built by 2035. The cost of this construction (excluding land) will be on average at least CAD 350k per home, making the anticipated construction expense circa CAD 1.7tn.