

**WHAT'S HOT IN  
CONSTRUCTION RISK MANAGEMENT SEMINAR**

***CONSTRUCTION DEFECT COVERAGE***

Presented by

**Michael D. Markman  
Chief Executive Officer  
Zurich North America Construction**

***Monday, November 11, 2002***

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**Chief Executive Officer**  
**Zurich North America Construction**

Mr. Markman is one of four panelists for Monday's "What's Hot in Construction Risk Management?" seminar. He serves as chief executive officer of the Construction business unit of Zurich North America. Construction, formed in 1995, provides insurance and risk financing to all parties involved in the construction process, including owners, construction managers, contractors, and subcontractors. Coverages include property, builders risk, liability, commercial auto, umbrella, workers compensation, and specialty casualty for large and middle market risks. Solutions are developed for domestic as well as global exposures and may be provided for selected projects or for all of a customer's construction exposures.

Mr. Markman joined Zurich North America in 1995 to head Construction operations. He is the former president of the Major Markets division at St. Paul Companies. Previously, he was Commissioner of Insurance for the State of Minnesota. Mr. Markman is the chairman of the board of directors of the Minnesota Workers Compensation Reinsurance Association and serves on the board of directors of American Community Partnerships.

A graduate of the University of Minnesota, Mr. Markman holds a master's degree in public policy from the the University of Michigan.

Zurich North America is a member of the Zurich Financial Services Group (ZFSG), a global leader in the financial services industry. Providing its customers with products and solutions in the area of financial protection and asset accumulation, ZFSG concentrates its activities in four core businesses: non-life and life insurance, reinsurance, and asset management.

Headquartered in Zurich, Switzerland, the Group's worldwide presence builds on strong positions in its three home markets: the United States, the United Kingdom, and Switzerland. The Zurich Financial Services Group has offices in more than 60 countries reaching over 30 million customers and employing some 68,000 people.

# **CONSTRUCTION DEFECT COVERAGE**

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*Michael D. Markman  
Zurich North America Construction*

## **Construction Defects**

- Primarily a Residential Construction Issue
- Traditional Insurance Solutions
  - Contractual Assignment of Risk
  - Insurance Acceptance of Contractual Risk

## **Traditional Solutions No Longer Effective**

- Expenses of Dispute Resolution
- Time Delays in Actual Repairs
- Limitations on Insurance for Subcontractors
- Availability Problems

## **Claim Resolution Difficulties**

- Continuous Trigger vs. Manifestation
- Who Is Responsible?
- Coverage Interpretation

## **What Are the Solutions?**

- Quality Assurance/Control of Construction
- Close of Escrow Based Insurance Programs
- Controlled Insurance Programs
- Construction Forensics