

CONSTRUCTING AN INSURABLE AND SUSTAINABLE FUTURE

Collaborating for Climate: Insurers and Constructors Unite for Climate Action





An event to be remembered

In the beautiful surroundings of Glaziers Hall, London Bridge Arches, both the members of the Worshipful Company of Constructors and the members of the Worshipful Company of Insurers discussed how their two great companies can work together to further the Climate Action Agenda.

After opening remarks from each Master, the evening was kick-started by Paul Sheedy from the construction sector and Joanne Foley from the insurance world with some “firestarter” speeches.

The guests then discussed the barriers to financing and delivering innovation which supports sustainability and climate action, how these barriers can be removed, and what can be done together to accelerate change in sustainability of the built environment.

We would like to extend our utmost gratitude to everyone who attended and supported this event. Especially to Nick Dunlop, David Sheehan, Tim Fitch, Branko Bjelobaba, Paul Sheedy and Joanne Foley for all of your participation to make the evening such a success.

In this report, we will delve deeper into the insights and discussions that arose from this important evening and explore ways in which the construction and insurance industries can collaborate to address the pressing issue of climate change.

David Sheehan, Master of the Worshipful Company of Constructors

David Sheehan, the Master of the Worshipful Company of Constructors, gave a thought-provoking opening speech. Sheehan didn't shy away from addressing the elephant in the room - the construction industry's contribution to greenhouse gases.

He began by highlighting the immediate effects of climate change on our planet - rising sea levels, extreme weather events, and depletion of natural resources. David emphasised that these issues aren't just a concern for the construction industry but are a shared responsibility of all industries.

However, he acknowledged the significant role that the construction industry has in addressing climate change, pointing out that buildings are responsible for a considerable portion of global greenhouse gases. So, the challenge lies in the adoption of new technologies and materials that can help reduce the industry's environmental footprint. David admitted that taking such risks can be daunting for construction companies, and that's where the insurance industry can step in.

David explained that insurance companies can provide a safety net for construction companies willing to invest in new technologies and materials. The insurance industry can also offer specialised policies that cover the risks associated with these new technologies and materials such as defects, delays, and performance issues.

David stressed that both the construction and insurance industries need to work together towards a sustainable future. The insurance industry can help the construction industry by providing information about new technologies and materials, collecting and analysing data on their performance, and offering specialised policies to cover the associated risks.

Overall, David's speech was a call to



Let's embrace this opportunity and work together towards the brighter future



David Sheehan, Master of WCC

action to collaborate and work toward a brighter future for ourselves and future generations. He encouraged everyone to embrace the opportunity to address climate change and discuss these critical issues at the event. His words were a reminder that we all have a shared responsibility to protect our planet, and by working together, we can create a sustainable future.

Nick Dunlop, Master of the Worshipful Company of Insurers

Nick, the Master of the Worshipful Company of Insurers, spoke on the role of modern liveries and the importance of collaboration between industries to transition to a net zero economy. Nick noted the increasing pressures from regulators, investors, and stakeholders, and the need for insurers and constructors to be part of the solution. He expressed his frustrations around the lack of data and understanding of risk profiles that insurers are facing, as well as the difficulty of handover information not being understood by the carrier.

Nick spoke passionately about the need for collaboration. He said that in order to make progress, everyone must take a leap of faith and urged participants to think about how they could work together better. Nick highlighted the fact that this was a business opportunity that should not be missed.

He shared his vision of a future in which insurers and constructors are working together to create a net zero economy and said that this event was the perfect place to talk freely and exchange ideas.

Nick concluded his speech with a challenge to the audience to think big and to collaborate. He reminded them that the only way to make progress and achieve their goals was by taking a leap of faith and working together. He said it was time for insurers and constructors to rise to the challenge and take the lead.



You won't get anywhere unless you take an enormous leap, and then if somebody knocks you back a couple of steps, at least you've made a big leap in the right direction

Nick Dunlop, Master of MCI



The Firestarters

The event was then handed over to Paul Sheedy a member of Worshipful Company of Constructors and Joanne Foley a member of the Worshipful Company of Insurers.

Paul Sheedy began the “firestarters” speeches and certainly ignited the room with an incredibly hard-hitting and brutally honest speech. Paul’s passion for change was evident and he emphasised the need for urgent action on climate change and called out the lack of urgency and determination that both industries are currently showing. Even despite the construction industry being responsible for 39% of carbon emissions in the world, and the concrete sector alone accounting for 8% of these emissions. Paul continued to hit the room with hard facts stating that the sector needs to de-carbonise by 60% in the next seven years, and urged constructors and insurers to work together to achieve this goal.

Paul then noted the lack of innovation in both the construction and insurance sectors and called for more collaboration with innovators to find solutions to the urgent problem of climate change. He warned that if the industry fails to embrace change now, it would be “digging the graves of your grandchildren.”

Paul suggested that the insurance industry needs to be the “stick” and put



policies in place for the construction industry to be better. He argued that there is not enough passion or determination in the construction and insurance sectors to address the ever growing issue of climate change. Further emphasising that this is the most critical issue facing the planet.

Paul also highlighted the need for a change from historic data to new data when insuring a building. He emphasised that relying on historic data is no longer sufficient in the face of climate change and the urgent need for de-carbonisation. Instead, the construction industry and insurers must work together to gather new data that takes into account the evolving risks associated with climate change. This new data should include a comprehensive assessment of the carbon footprint of buildings and the carbon emissions associated with their construction,



We have to change
and we have
to change with
urgency, with
passion, with focus
and we have got
to change with
determination.



Paul Sheedy, WCC member

operation, and maintenance. By doing so, the industry can gain a better understanding of the true cost of insuring buildings and develop more effective policies that incentivise sustainable practices and reduce carbon emissions.

In conclusion, Paul called for constructors and insurers to invest in innovation and find ways to fast-track and test new technologies that could reduce carbon emissions. He stressed that this is a unique inflection point where the construction and insurance industries have the power to shape the future of the planet. Paul's speech was a wake-up call to the industry, urging them to take urgent action to address the urgent issue of climate change before it is too late.

Joanne Foley, then took the mic to speak from the Insurer's perspective. She made a clear and powerful speech, by focusing on two important premises that she believes create barriers to sustainable construction.

The first premise is that construction is "dirty." Joanne reiterated Paul's observation on the exponential carbon output from the construction industry and put forward that this premise could be changed but only if her second premise is proven wrong and the industry begins to care about sustainability.

Her second premise was in fact that nobody really cares about sustainability unless it is profitable.

Although there is much talk about sustainability, Joanne questioned whether it is just “noise” and that maybe “sustainability is just too expensive” to become a priority not just for social media but for the entire business.

Joanne observed that the construction industry is sat waiting for the “stick” of regulation and that only when they are forced with the “stick” of costly financing to encourage sustainability will it become a priority. However, Foley believes that the “carrot” of new opportunity should be enough. She noted the endless opportunity in a whole new renewable industry. So what are they waiting for? She refers back to her second premise that maybe sustainability is just too expensive.

Joanne then went on to question the role of insurers and whether they are encouraging or hindering the drive for sustainability. While the insurance industry talks about sustainability, it is unclear whether it is incentivising good projects or supporting innovation. She refers back to the “stick and the carrot” analogy and asked, what about the carrot? Surely, this is the part the insurance industry should play as they are in a position where they could encourage innovation by incentivising sustainable projects. Again, Joanne addressed the elephant in the room that maybe insurers are perhaps just too scared of insurability.

Joanne called for the insurance



Is sustainability just too expensive



Joanne Foley, WCI member

industry to “step out” and “step up” if they are genuinely invested in supporting sustainability and the innovation required to create a more sustainable built environment. Move away from weather-related risks and everything they’re comfortable with and instead provide capacity to new ESG-compliant risks and provide cheaper insurance rates to incentivise good projects.

Overall, Joanne emphasised that sustainability is a great opportunity for the construction industry to make money and contribute to a more sustainable world. However, to overcome the barriers to sustainable, insurable construction, there needs to be a genuine concern about sustainability, and the insurance industry needs to support innovation and incentivise good projects.

Both speeches set the mood for the evening and provided the room with plenty to mull over their three course meal.

Our Guests Take the Stand

We then asked our guests to consider (on their mixed profession tables) the Master's and Firestarters speeches and use their own experiences and insights to offer answers to the three following questions:

- 1. What are the barriers to delivering innovation which supports sustainability and climate action?**
- 2. How can these barriers be removed?**
- 3. What can we do together to accelerate change in sustainability of the built environment?**

After heavy discussion, light debate and plenty of food for thought over food, they had to appoint a table Rapporteur to successfully recount their findings and suggestions. Branko Bjelobaba took charge of the discussion as our Chief Rapporteur and skillfully gathered the ideas and opinions from all the tables in the room.

Here is a brief overview of the primary themes identified during the discussion. While we acknowledge that this is not an exhaustive summary, we hope that it provides valuable insights into the critical conversation around incorporating climate consciousness into our professions. We encourage those interested in attending future events to join us, as attendance offers a more rewarding experience.

1. Profit trumps every time

Prioritising profit maximisation will forever be one of the biggest obstacles to implementing sustainable practices. Companies are incentivised to focus on short-term profits rather than investing in long-term sustainability measures. This has led to a focus on cheap production methods and sourcing materials, even if it means causing harm to the environment.

It was noted that a change in perspective is necessary, and that both sectors must be willing to accept lower profits in the short term in order to invest in long-term sustainability initiatives. However, this can be difficult to achieve in a capitalist system that is geared towards generating the highest possible returns for shareholders.

One possible solution that was discussed is the use of incentives, such as those offered by insurance companies. For example, insurance companies could offer lower premiums to businesses that demonstrate their commitment to sustainability by implementing eco-friendly practices. This would encourage companies to invest in sustainability measures and reduce their environmental impact, while also benefiting from lower insurance costs. Another important point that was raised is the need for regulations to be put in place. While capitalism may win in most cases, regulations can help to level the playing field and ensure that companies are held accountable for their environmental impact. However, it was acknowledged that relying solely on government regulations is not enough, and that

change must come from a genuine desire to be better sustainability-wise.

2. If big leads, little will follow

It became clear that leadership in the insurance and construction industries is critical in driving innovation that supports sustainability and climate action. The absence of real leadership has resulted in the lack of direction and guidance needed to move the industry toward a more sustainable future.

There is a need for leaders who are willing to take risks, embrace change, and prioritise the long-term health of the planet over short-term visions. And ultimately once there is a leader there will be followers, creating a new normal that is sustainability led and driven.

3. Data rich, knowledge poor

It was highlighted that the construction and insurance industries are both data-rich but are not utilising this information efficiently to produce sustainable solutions to the climate crisis.

It was pointed out that the insurance industry is currently relies on historical data, and that this needs to change. It is essential that insurance companies adapt to new advances in technology, and utilise new methods to analyse data to understand the potential future risks related to climate change and build new models to effectively assess the risk.

The group agreed education is crucial for progress to be made. Both industries need to come together and share knowledge and expertise to find sustainable solutions. The construction industry must educate insurance companies on the latest techniques and technologies used to build resilient structures, while the insurance industry can provide insights into the financial



risks associated with climate change.

4. Insurers are fundamentally scared of innovation

The group noted that the insurance industry is more focused on minimising their own risk than embracing new ideas and technologies that could revolutionise the industry.

One of the key reasons why insurance companies are scared of innovation is the fear of the unknown. They are wary of adopting new technologies and practices that may lead to unforeseen risks and liabilities. This cautious approach is understandable however, this has created a barrier to progress in the built environment, as insurers are ultimately blocking innovative solutions that could benefit the industry as a whole.

The group argued that construction companies must face the reality that they will have to lose to learn. This means that they need to be more open to taking risks and experimenting with new technologies and practices. It is only through trial and error that insurers can discover what works and what doesn't, and ultimately deliver sustainable innovative solutions that benefit the industry and society as a whole.

5. A bit of positivity please!

One observation that was made is that it is not enough to focus solely on what the construction and insurance industries are not doing. While it is important to identify areas where improvements can be made, it is equally important to recognise the positive actions being taken towards a sustainable future. There are many individuals and organisations that are genuinely committed to making positive changes in their practices and policies.

One case study mentioned was the Dudley College of Transformational Technologies which was the first building project to be completed using the IPI procurement method. It encouraged and mandated best practice and 'insured' an outcome where everyone won including the client and the end users. It also targeted and achieved a building of high sustainability standards as it focused everyone's attention on creating a pathway to this achievement. You can read more about this case [here](#).

6. Collaboration is essential

A running theme throughout the whole evening was that collaboration between the two industries will be the main driver in breaking down barriers and accelerating change in sustainability of the built environment. However, that collaboration must not be limited to just a single evening of sharing expertise. But a continued effort to understand each other's strengths and weaknesses and a deep commitment to help one another's progress. To ultimately be able to leverage each other's expertise, allowing both industries to drive positive change and create a more sustainable future for all.

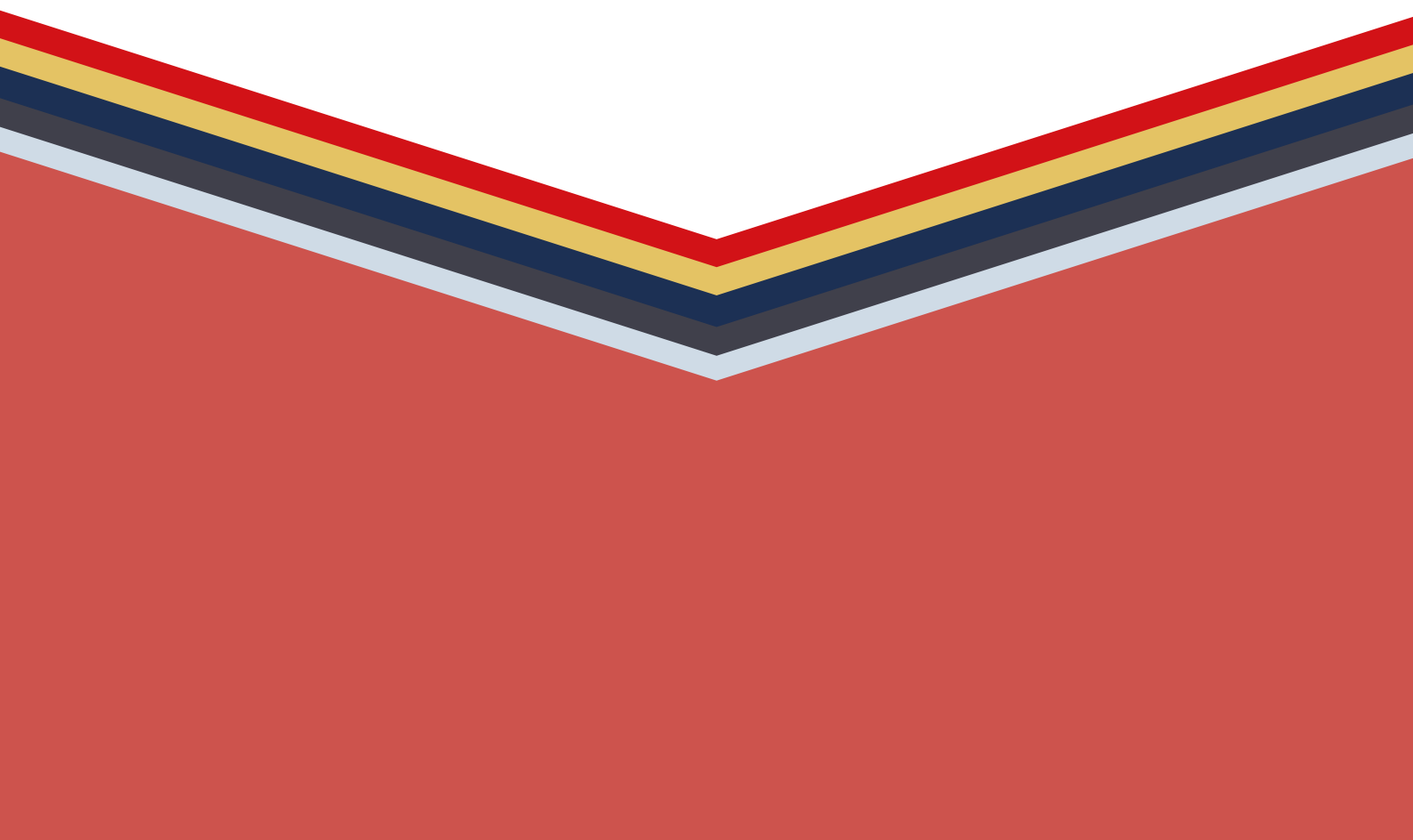
So, whats next?

In conclusion, the event was a great success, it brought together two industries that are notorious for working out of sync and fostered the collaboration and innovative thinking that is required to make sustainable developments. However, this should only be the beginning of a much larger effort to bridge the gap between these two industries and create more opportunities for cross-disciplinary collaboration.

It is essential that events like this continue to happen and become more frequent in the future as they provide a unique platform for individuals and organisations to share ideas, network, and form partnerships that can lead to ground breaking discoveries and advancements in climate action.


But it is not enough to just talk about collaboration and innovation. We need to take action to make it a reality. This means investing in research and development, creating funding opportunities, and establishing programs that encourage collaboration between industries.

In short, we need to keep the momentum going and build on the success of events like this to create a more connected and innovative world. Let us work together towards this goal and create a brighter future for all.





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