

Distinctive. Choice.



Construction

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1. An Introduction to Jardine Lloyd Thompson's Construction Team

Jardine Lloyd Thompson (JLT) currently acts as consultant and insurance broker to many of the world's largest construction companies and project developers.

In addition to arranging covers for some of the largest construction projects, we are also market leaders in delivering solutions for project finance and public/private partnership transactions. We are renowned for our ability to add value to all parties involved in these complex deals.

We have the knowledge, experience and skills to customise insurance programmes to respond to complex risk exposures. We are aware of the many challenges that influence the construction industry, such as:

- Contractual obligations
- Contractual risk flows
- Competitive pressures
- Technological development
- Regulatory requirements

Above all, we understand the complex risk financing challenges and lenders requirements that our clients face.

JLT Asia's Construction team consists of specialists with many years of experience across all classes of construction. We take an innovative and creative approach to addressing our clients' needs, designing customised insurance solutions for our contractor, owner, lender, engineering and project specific clients.

JLT Asia's Construction Team

JLT Asia's Construction team was established in 1988 to provide insurance and risk solutions to the global construction industry. Over the years, we have grown into a team of 30 dedicated construction specialists, offering a combination of insurance brokerage consulting and risk management services that can be tailored to meet the specific needs of our clients. We are represented in 12 countries across Asia.

We provide specialist technical capabilities as well as access to global markets through JLT Group's network of retail offices.

We are also market leaders in delivering solutions for project finance and public/private partnership transactions.

Specialist Skills

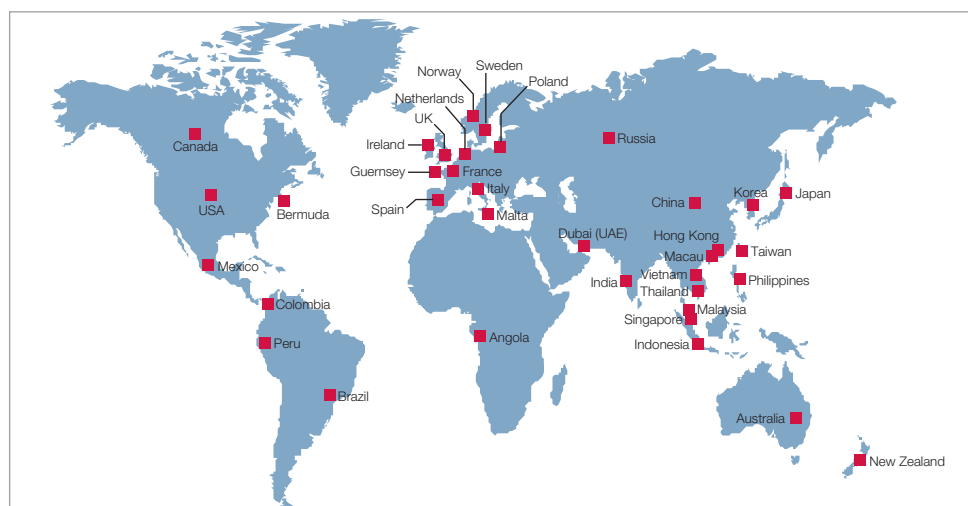
In addition to specialist skills within the JLT Construction team, JLT has skill sets in a number of key business areas:

Marine Cargo

JLT's marine cargo team is one of the most experienced and respected in the business. Working closely with our construction teams around the world, we have structured marine cargo, marine delay in start-up and hull insurances for both major contractors and one-off projects.

Financial Solutions

The JLT financial solutions team is a market leader in customising risk solutions for financial and political risks. Working in tandem with our global construction team, we create solutions to respond to the complex risks faced by contractors, owners and financiers within the construction arena. We have structured Alternative Risk Transfer deals including cost effective multiyear solutions, providing genuine risk transfers together with financial security for clients and projects.



2. Products and Solutions

Beyond offering our clients an extensive selection of products, ranging from the innovative to the traditional, JLT also customises solutions.

The following products can be arranged on either an annual or project-specific basis, responding to each client's unique requirements, using either traditional structures, large self-insured retentions or captive based solutions:

- Construction "All Risks" / Builders' Risks
- Contractors' Plant and Equipment
- Delay in Start-Up / Advance Loss of Profits
- Third Party and General Liability
- Employers' Liability / Workers Compensation / Employees Compensation
- Professional Indemnity
- Marine Cargo

Non-Damage Delays

We are specialists in developing solutions for non-damage exposures, such as:

- Liquidated damages
- Force Majeure
- Contractual contingencies
- Cost over-run
- Environmental impairment

Bonds

By working closely with and fully understanding the needs of both our clients and the surety companies, we are able to select the markets that best fit each client's specific requirements, thereby securing the optimum level of support required for bid, performance and payment bonds.

Lender's Insurance Advisory

The skill sets and expert knowledge that we rely on to advise clients on risk management and risk transfer will also be applied in our roles as independent insurance consultants to lenders carrying out due diligence on limited or non-recourse financed projects.

Lenders to a non- or limited-recourse financed projects often demand that the project company takes all reasonable measures to protect the project's income stream. Such measures typically include a comprehensive insurance programme that provides such covers as are prudent and available from the insurance market at economically viable terms.

The independent insurance advisor's role is to review and analyse the project risks and the borrowers' insurance programme to

determine whether the programme meets lenders' requirements.

JLT can assist lenders in the following ways:

- Providing access to specialised and experienced personnel to assess and monitor the risk transfer process
- Ensuring that the insurance programme is robust and placed with secure and experienced insurers
- Ensuring that the scope of cover is as broad as the insurance market can economically provide
- Minimising commercial risk to sponsors
- Ensuring that the key project exposures are fully insured
- Reducing the workload of sponsors and financiers in the insurance and risk management field
- Ensuring that the project risks have been thoroughly reviewed and analysed
- Ensuring that the insurance programme has limits of indemnity and sums insured commensurate with the risk exposure
- Working with all parties to ensure that a well balanced insurance programme is in place providing cost effective risk transfer from the project to the commercial insurance market place

We provide specialist technical capabilities as well as access to global markets through JLT Group's network of retail offices.



3. Success Stories

Case Studies

JLT has a proven ability to deliver solutions according to the risk exposures of our clients. Our comprehensive awareness of market conditions, coupled with assertive negotiations, enable us to fully meet our clients' needs, even when there are few, if any, alternative markets available.

Our ability to deliver solutions has been demonstrated time and again, as the following examples will testify:

A demonstration of securing capacity and price

JLT worked with a contractor client to put in place an innovative package of insurances, including credit enhancement that was critical to the financing of a major stadium construction project.

Project financing was subject to considerable delays at a time when insurance market conditions were rapidly deteriorating. JLT managed to retain the originally proposed insurance structure largely intact over a period of one year, ensuring financial close. This was achieved despite reductions in treaty capacity and radical changes in insurers' underwriting philosophies over this period.

JLT's skills in the following areas were drawn upon:

- Persuading insurers to hold terms open for a significant period of time
- Managing insurers' premium expectations in a hardening market
- Ensuring that capacity remained committed to the programme

Development of a seamless solution

JLT was approached by an independent power plant to develop a seamless programme encompassing the construction and a two year operational cover for new turbines incorporating prototype technology.

The power plant had a number of special requirements. In addition, the turbine manufacturer decided to refit several components, causing a delay, leading to a failure to meet the original operations date.

JLT worked closely with the client to dovetail amendments to the insurance programme, with changes to the Engineering Procurement & Construction contract, thus ensuring that commercial operations could commence at the earliest, whilst maintaining an insurance programme that satisfied lenders' requirements.

JLT engineered an innovative solution. We secured underwriters' agreement to the early declaration of the Completion Certificate for the project, thereby allowing commercial operations to commence prior to the installation of new components by the manufacturer. The units would then be shut down during the first scheduled maintenance period to allow for the installation of the revised components.



JLT worked closely with the client to dovetail amendments to the insurance programme, with changes to the Engineering Procurement & Construction contract, thus ensuring that commercial operations could commence at the earliest.

To ensure continued protection for the client, JLT obtained underwriters' agreement to allow the construction cover to be reactivated during the post completion works, whilst the Business Interruption cover would simultaneously respond to any interruptions caused by loss or damage during these works.

Claims Case Studies

Mexico: Storm damage to a pipeline contract

Final settlement: US\$6 million

JLT placed the reinsurance programme but were additionally appointed by the contractor to assist in the presentation/negotiation of a claim.

There were significant policy liability issues, including:

- Lack of proof of loss
- Attrition issues
- Warranties

Whilst there was no doubt that a material damage claim was payable, the insured also had a significant Delay in Start-Up claim.

JLT negotiated a settlement that was favourable and to the client's satisfaction.



India: Damage to project under construction

Final settlement: circa GB£3.5 million

A Contractors All Risk cover was placed with a local Indian insurer, which relied upon support from its treaty reinsurers.

There was a contention over the interpretation of a defective design/materials/workmanship exclusion in the Indian insurer's policy.

JLT met with the Indian insurer and the client. During this meeting it became clear that the Indian insurer's interpretation of the exclusion was different from that of JLT's. In addition, it became clear that they were heavily reliant on the technical input of their European treaty reinsurers.

The key, therefore, was to convince the European reinsurers of the merits of the argument.

The Indian insurer and their reinsurers agreed to meet with the client and JLT in Europe.

Following negotiations, the reinsurers agreed with our interpretation and, ultimately, a significant proportion of the claim was settled, to the satisfaction of all parties.



USA: Methanol plant gas escape

Final settlement: in excess of US\$8 million

JLT placed a global liability programme for the client, incorporating a local US policy.

There was a sudden escape of gas from a plant built by our client. The incident led to claims from employees of the plant, subcontractors working for the plant and people living in the vicinity.

The local US insurer took the position that there was no cover under their policy, citing the pollution exclusion in their wording.

JLT disputed the US insurer's interpretation of the exclusion. Due to this deadlock the case was presented to the underwriters in London coordinating the programme. They supported the JLT interpretation and a settlement was reached.



4. Why Choose JLT

A leading global player

JLT today is the largest quoted insurance broker on the London Stock Exchange and the only British broker among the world's top six brokers. We employ over 6,000 staff throughout the world. We are the largest London market construction broker in terms of both staff numbers and premiums placed into the European construction markets.

We act for over half of the top 20 contractors in the UK, have a number of major contractor clients in Asia and are the appointed insurance consultants and advisers to some of the largest construction projects in the world.

We place in excess of US\$400 million annually into the London and European construction and engineering insurance markets. This is a key differentiator for major projects, since London/European market influence is imperative to a successful placement strategy.

We provide insurers with a substantial volume of construction business every year. This gives them the confidence to quote and provide support to us. We have a proven track record as the largest and strongest construction project broking team.

Dedicated construction team

We have dedicated construction capability in each of our offices in Asia. On the majority of construction business we win, we are not the corporate or operational insurance broker of the client. Our construction team simply provides a specialist service for construction, which makes a real difference to our clients. We have the latest up-to-date placement knowledge and lender experience.

We have a proven track record in all classes of engineering and construction projects, which provides us with extensive experience in arranging project insurances worldwide.

An integrated team response

We believe in providing our clients with an integrated team response, by tapping our wide and diverse resources. Our London and Asian construction teams are part of our Construction Specialty Business Unit, allowing us to utilise the necessary skills and marketing abilities across geographical boundaries.

Within the construction team, we handle all classes of insurance required for a project. This enables us to holistically respond to our clients' needs and provide seamless solutions. Our seamless cargo/construction service, incorporating initiatives such as the "contingent" cargo solution is an example of our capabilities in this area.

We can access domestic USA and Bermudian markets via our network of offices. JLT also has a global support team, which acts as a single point of contact for all matters relating to overseas servicing, information collation and related issues.

We also leverage the knowledge and experience of our senior executives, who are hands-on practitioners, for the benefit of our clients.

Handpicked talent

Our team consists of specialists who have been handpicked from across the globe, to ensure that they are able to respond to our clients' every requirement. The long-term stability of our service teams means that we are able bring to our clients the depth of knowledge and consistency of service better than any other broker.

Focused on our clients' needs

Our clients' needs are paramount to us. We ensure that we fully understand our clients' requirements and challenges and strive to deliver optimum solutions and services. Beyond devising insurance solutions that mitigate our clients' risk exposures, we also strive to address their economic and business needs.

In addition, our claims team have the capability to manage normal claims flow and are able to implement a 24/7 claims management team with pre-agreed contingency plans to respond to major/catastrophe incidents. We can offer clients the unique skill base of our claims advocacy services through our wholly owned subsidiary, Echelon.

Strong track record and reputation

JLT Asia has a first-class record in arranging project insurances worldwide and in all classes of engineering and construction projects. Over the years, we have built our reputation through a commitment to innovation and relationship management, focusing on maximising the efficient transfer of risk from projects to the insurance market. We constantly challenge the insurance market to deliver project solutions that surpass our clients' expectations, as well as whatever the competition can deliver.

JLT has high standards of integrity and transparency – we are open about what we can and cannot do and work together with both clients and underwriters to achieve the best solutions.

Our partnership approach

At JLT Asia, we believe that a greater level of interaction between the insured and their insurers is vital to the long term success of any major project. We work to facilitate mutual understanding of working practices between all parties.

Our London and Asian construction teams are part of our Construction Specialty Business Unit, allowing us to utilise the necessary skills and marketing abilities across geographical boundaries.



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