

# ENR

## INSURANCE

# Premiums Could Rise After Latest Costly Crane Accident

Firms that own and operate construction cranes could face more costly insurance renewals after the Feb. 5 crawler-crane collapse in New York City that killed a Wall Street trader and crushed a row of cars. Higher limits on payouts for claims against owners and operators are one possible result, say brokers and insurers.

Investigators still haven't released reports on the Feb. 5 accident. In response, New York City tightened its crane safety regulations to require operators to stop work when sustained winds reach 20 mph or gusts peak at 30 mph.

The recent collapse in lower Manhattan is the latest high-profile crane accident. Two tower-crane accidents in 2008 imparted a sense of urgency to New York City crane safety. Following the Feb. 5 accident, there is concern about so-called "drop-down coverage," which occurs when damages from a crane collapse burn through the liability policies held by crane companies, leaving other contractors, building owners and their insurers vulnerable to claims.

"We saw a significant ratcheting up after 9/11," notes Robert C. Kirkwood, president

of Kirkwood Insurance, based in Pleasantville, N.Y. He anticipates that risk-management committees at the city's developers and owners will lead the way in seeking more coverage. Contractors on some midtown Manhattan construction projects are starting to require \$15 million to \$20 million in insurance limits from crane operators, up from the current standard of \$10 million, Kirkwood says. That could boost annual liability premiums 30% to 40%.

Insurers don't have unlimited leverage when pricing policies. With few large crane owners in New York City, there are limited options for negotiating insurance coverage and other issues, notes Pia E. Riverso, a partner at Rivkin Radler, a law practice based in Uniondale, N.Y.

Jake Morin, program executive for insurer ProSight's construction and casualty practices, has fielded a number of calls from firms in the days since the Feb. 5 accident that are concerned about whether they are adequately covered. "A lot of people are looking at this and saying, 'I do that job every single day,'" Morin says. ■

*By Scott Van Voorhis*

