

AON

**Building
Resilient
Pacific
Infrastructure:
Getting Risk &
Insurance Right**

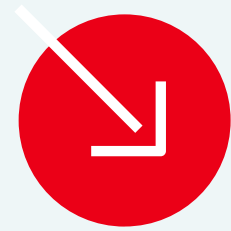
Insights for Principals,
Contractors and
Financiers

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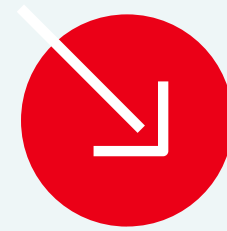


Why Insurance & Risk Planning Matter (Pacific Context)

Why this matters in Pacific infrastructure



High exposure to **cyclone, storm surge, flood, earthquake and tsunami**



Limited local insurance capacity – reliance on offshore markets



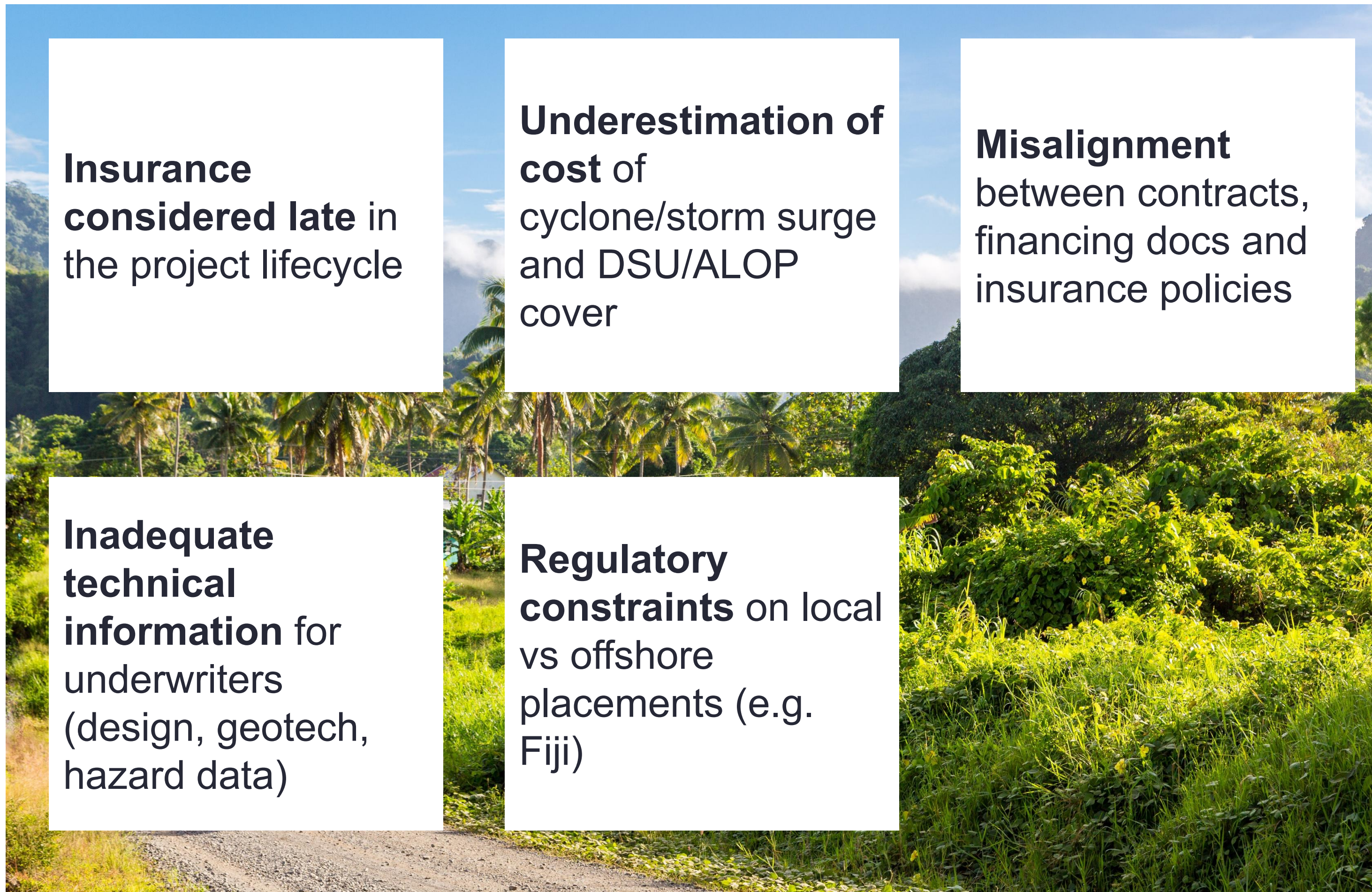
Donor and lender requirements: insurance often a **condition precedent** to funding / NTP



When insurance is an **afterthought**, projects face delays, gaps and unexpected costs

Common Risk & Insurance Issues We See

What goes wrong in practice

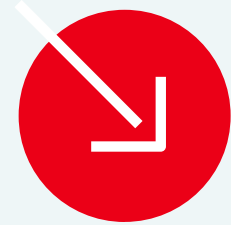


“ Contract works policies placed on restrictive wordings – for example, insuring clauses responding only to “sudden and unforeseen” damage instead of broader “unexpected and unintended” physical loss.

“ Inadequate or fragmented sub-limits for natural perils (cyclone, flood, storm surge), leading to under-insured repair costs and time overruns following major weather events.

Contractors & Consultants: Key Considerations

Contractors & consultants – managing project risk



Clarity of risk allocation

- Ground conditions, design risk, utilities, approvals, force majeure



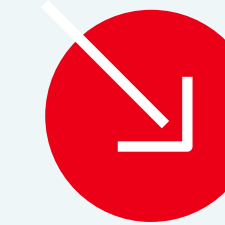
Professional indemnity (PI)

- Does PI respond to design & performance obligations? Any key exclusions?



Third party & environmental liability

- Impacts on communities, environment, existing infrastructure



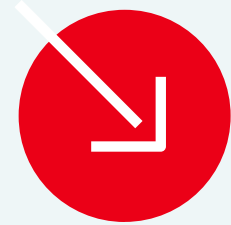
Mobilisation & site establishment

- Project cargo/marine, plant & equipment, inter island logistics

Contract works cover – do wordings and sub-limits realistically respond to likely loss scenarios? (e.g. partial wash-away of works, scour around structures, repeated cyclone or storm-surge events)

Principals & Financiers: Programme Level Issues

Principals & financiers – programme level priorities



Whole of programme view of risk and insurance limits



Ensuring **CAR/Contract Works, DSU/ALOP, liability and PI** align with:

- Concession / PPP agreements
- Loan and security documents



Considering **OCIP / project wide placements** for consistency and scale



Using **portfolio or multi country structures** to attract capacity

Ensuring contract works wordings use suitably broad insuring clauses (for example, “physical loss or damage that is accidental, unexpected and unintended”) and that sub-limits for natural perils reflect credible worst-case rebuild and delay scenarios.

Emerging Market Risks in the Pacific

Beyond physical damage – emerging market risks

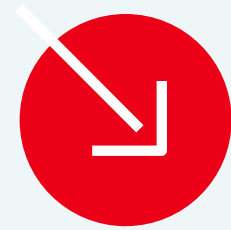
- ⬇ **Political & regulatory change** (policy shifts, approvals, permits)
- ⬇ **Currency & funding risk** (local revenues vs hard currency debt)
- ⬇ **Legal enforceability** and dispute resolution challenges
- ⬇ **Operational & integrity risks** – fraud, corruption, cyber, security
- ⬇ **Protection gaps** – some risks not easily insurable locally

Claims complexity in emerging markets – for example, challenges in adjusting and paying large contract works and DSU claims where documentation, valuation and regulatory approvals are still developing.



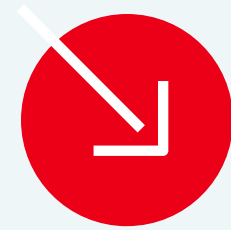
Fiji Example: Local & Offshore Placement Challenges

Working within Fiji's insurance regulations



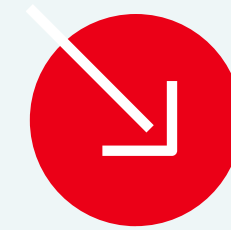
Reserve Bank of Fiji (RBF) framework requires

- Use of **local insurers** where capacity exists
- **Approval and reporting** for offshore placements and reinsurance



Practical challenges for large infrastructure:

- Local market **capacity limits**, especially for **cyclone & storm surge**
- Need to structure **fronting and reinsurance** carefully



Early engagement helps avoid

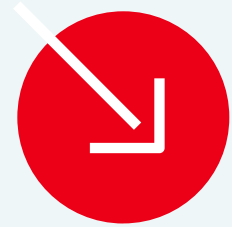
- Delays at financial close
- Coverage gaps or non-compliant structures

Tension between regulatory requirements, local market capacity and the need for broader contract works wordings and higher natural catastrophe sub-limits to support realistic claim outcomes.



Making Insurance a Design Input, Not an Afterthought

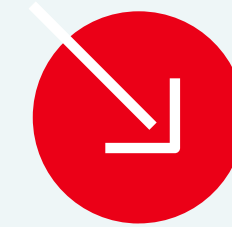
Bringing insurance into the project early



Treat insurance as a design and financing input, not just a contract tick-box



Start with an integrated risk assessment and risk register



Provide insurers with strong data early:

- Hazard studies, design info, construction methods, resilience measures



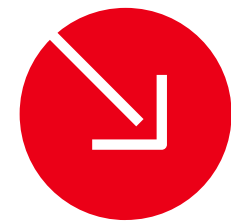
Use the right project structure:

- OCIP / programme-wide placements
- Parametric or catastrophe-focused solutions where traditional limits are tight

Stress-test proposed contract works wordings and natural catastrophe sub-limits against realistic claim scenarios, including partial damage, access issues, debris removal and re-instatement to higher standards.

Practical Takeaways for Stakeholders

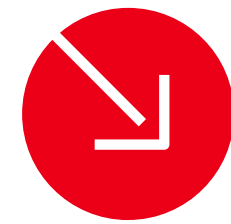
What each stakeholder can do differently



Principals / Owners

- Embed insurance in feasibility and procurement timelines
- Ensure contracts match realistic insurance availability
- Coordinate across projects for scale

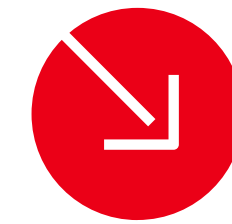
Aon can advise on available contract works coverage and natural catastrophe sub-limits before tender release.



Contractors & Consultants

- Push for clear risk allocation and insurable obligations
- Share technical and hazard information early
- Align PI and liability cover with actual responsibilities

Engage with the contract works policy wording so that typical causes of loss on site – including non sudden physical damage and repeat weather events – are properly addressed.



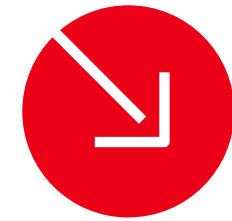
Financiers

- Clarify insurance requirements early in term sheets
- Allow time for regulatory approvals (e.g. RBF) and capacity placement
- Support resilient design that improves insurability

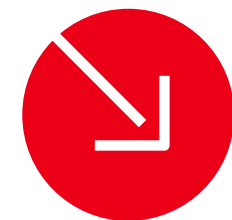
Ask specifically about insuring clause breadth and key sub limits for cyclone, flood and storm surge to avoid uncovered repair and delay costs.

Closing & Discussion

Closing thoughts & discussion

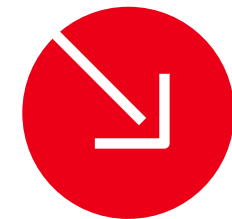


Infrastructure works are highly exposed but also insurable with the right preparation



Early, coordinated planning is the best way to:

- Manage cyclone and storm-surge risk
- Work within **local regulatory frameworks**
- Deliver bankable, resilient projects



Happy to discuss specific project or programme questions

A well-structured contract works programme, with appropriate insuring clauses and natural catastrophe sub-limits, can turn a difficult loss into a manageable event for all stakeholders.

Thank You