



Gallagher

Insurance | Risk Management | Consulting

NINE MIDYEAR 2024 CONSTRUCTION TRENDS



Construction



NINE MIDYEAR 2024 **CONSTRUCTION TRENDS**

As we enter the midpoint of 2024, we find that many of the trends we identified at the start of the year are continuing, but we are seeing new concerns and opportunities. Labor continues to be in short supply, adding stress to the subcontractor community and the prospect of more defaults. Concerns over catastrophic losses are causing higher property insurance rates in certain areas, and the market for new office build-outs continues to fall. Litigation funding is driving more claims and higher general liability rates.

However, we are also seeing new opportunities. The market for modifying office buildings to new uses is rapidly expanding, along with data centers and water infrastructure markets. AI applications are not fully developed but may lower transaction costs and increase project safety. We are also seeing a leveling out of many cost increases.



Adaptive reuse of office space

The rise of workers working from home either fully or as hybrid work has proven to be one of the most long-lasting impacts of anti-COVID-19 measures. This has translated into historically weak office occupancy rates. For example, in Washington, D.C., office vacancies reached a new high of 22.4%.¹ In San Francisco, vacancies have risen to 37%.² While reduced demand for office space has led to an 18.5% decrease in office construction spending, it has also led to a surge in work converting old office buildings into new uses — especially residential and hospitality spaces.^{3,4}

Prior to 2023, about 40 office buildings a year nationwide were converted into multifamily housing and other uses, but in 2023, that number jumped to 100 — a 150% increase.⁵ The National Bureau of Economic Research estimates that about 11% of office buildings in the US are “physically suitable” for conversion to residential uses, and we expect to see continued growth in the number of conversions until the office market stabilizes or individual markets run out of suitable conversions.⁶

This growth will be driven not just by increased vacancy rates and the need for more affordable housing, but also by affirmative support from policymakers. Regulatory barriers are one of the most immediate constraints on office building conversions, but those barriers are falling. For example, in January 2023, New York City issued its Office Adaptive Reuse Study.⁷ This study provided 11 recommendations to promote adaptive reuse, including:

- Making buildings constructed before December 31, 1990, eligible for the most flexible regulations for conversion to residential use
- Expanding conversion regulations to all office districts
- Permitting conversion to different housing types, such as supportive housing
- Providing financial incentives to promote conversion to economically infeasible uses, such as affordable housing and child care facilities

These recommendations may increase the square footage of space eligible for conversion in New York City alone by 136 million square feet.⁸ Additionally, late last year, Housing and Urban Development and the Department of Transportation revised federal rules to widen eligibility for office-to-residential conversions to subsidies under the Infrastructure Investment and Jobs Act (IIJA).⁹

Acquisition costs, interest rates, and a lack of incentives have also constrained conversions.⁵ As vacancies rise, acquisition costs should fall. This is particularly true with respect to Class B or C office buildings that tend to have higher vacancy rates and lower rents, making a conversion more economically enticing.⁴ While the Fed has yet to reduce interest rates this year, most observers believe rate cuts are on the horizon.

We are also seeing widening incentives. Older structures may be eligible for historic preservation tax credits.⁴ Conveniently, these structures may create more desirable dwelling units and hotels because they often have operable windows and architectural character that provide a “boutique” experience.

Carbon credits may also become available as conversions have much less embodied carbon than new builds. Embodied carbon refers to carbon dioxide emitted in the manufacture and transportation of materials used in construction. Office conversions have about 75% less embodied carbon than new construction.¹⁰ Accordingly, conversions may be available for green subsidies, such as those in the Inflation Reduction Act. The downside of such savings, however, is that many such projects may not meet current energy usage standards, so the carbon savings are reduced over time.⁴ Gallagher is currently working on an in-depth whitepaper on this subject, which will be published in Q3 2024.

Office conversions have about
75% LESS EMBODIED CARBON
than new construction.

Continued property challenges

We are continuing to see challenges in the property insurance market segment with catastrophic exposure. Outside of the catastrophic market, the commercial property insurance market has stabilized with flat rates, but rates are up in the 10% range for catastrophic markets.¹¹ This is driven in part by a fear of natural disasters. For the 2024 hurricane season, NOAA is forecasting a range of 17–25 named storms, with 4–7 hurricanes reaching Category 3 or higher.¹² Indeed, Hurricane Beryl was the earliest storm on record to reach Category 5 due to record-breaking water temperatures in the tropics.¹³

New catastrophe models from Moody and Verisk are showing increased losses of 5%–30% in the Southeast and Gulf Coast states, depending on the portfolio.¹¹ To secure coverage and reduce rates, property owners in those markets should document how they have hardened their properties against losses, including items like any upgrades to their roofs and roof anchorage, use of impact-resistant glass, flood/storm surge mitigation efforts, and risks from falling trees.¹⁴

Also, when applying for insurance, owners should consider changes to National Fire Protection Association (NFPA)¹⁵, which governs sprinkler system design. Properties not current with the new NFPA 13 standards may be at risk of losing sprinkler credits.¹⁴

While commercial rates have stabilized, California continues to suffer from a residential property insurance crisis. The astronomical rate increases and the fact that most carriers will no longer write new policies in California explains the insurance crisis. California's state insurance regulations, inflation, increased wildfires, and heightened reinsurance costs have all contributed to the current California home insurance crisis.¹⁵ On June 27, 2024, State Farm General, the California subsidiary of State Farm, filed a request to increase homeowner rates by 30% and renters' rates by 52%. In the request, it stated that approval was required "to protect the insurer's solvency."¹⁶ This followed earlier reductions in coverage and an announcement that it would not write new policies in the state.¹⁷

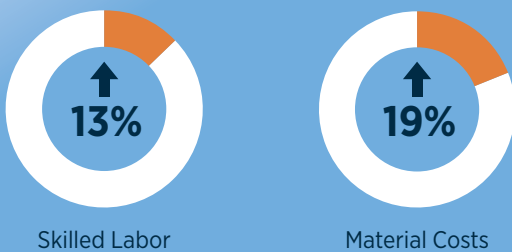


Subcontractor instability and bond and SDI claims

During the pandemic, unexpected supply chain disruptions hurt subcontractor balance sheets because suppliers could not supply materials or raise prices on materials purchased for fixed-price subcontracts. Although material price increases are moderating, many subcontractors, particularly in the electrical, plumbing, and concrete industries, are defaulting at increasing rates or experiencing more financial stress.¹⁸ Some of this is a hangover from the pandemic, but much of it is due to a lack of qualified labor and resulting work quality issues. Indeed, an AGC survey at the start of 2024 showed that 70% of respondents had experienced an increase in subcontractor defaults and distress, with almost 50% reporting that they had experienced project cancellations or delays due to subcontractor defaults.

Much of this distress can be attributed to slow payment, with subcontractors reporting that it takes on average 57 days to get paid. Subcontractors are reporting an increase in slow payments. They were also squeezed with higher labor costs (an average of 13% increase for skilled labor in 2023) and material costs (19% in 2023).¹⁹

Average cost increases in 2023



To address these issues, contractors need to screen and pre-qualify their subcontractors for financial stability. If bonding costs cannot be passed on to owners, we see contractors asking for bonding letters certifying that the subcontractor can get payment and performance bonds if needed. Because sureties underwrite bonds based on the financial strength of their bond principals, such letters provide third-party verification of the subcontractor's financial capacity. Alternatively, as part of their subcontractor default insurance (SDI) programs, contractors can require subs to provide financial information as a condition of SDI enrollment.

There are many things contractors can do to minimize the impacts of subcontractor default and maximize recoveries under bonds and SDI. These include the following:

- **Follow bond and SDI claims requirements strictly.** This requires reading the bond, the SDI policy, and the subcontract to make sure all notices are properly and timely given.
- **Calendaring dates.** Many bonds and SDI policies contain provisions requiring follow-up meetings, suits to be filed, or arbitration demanded within certain deadlines. These dates must be put on the calendar with reminders sufficiently far in advance that they are not missed.
- **Where possible, make payments** to lower-tier subcontractors and suppliers through joint checks.
- **Do not advance payment** without the consent of the surety or SDI carrier, as that may impair claims under the bond or policy.
- **Quickly set up cost accounting codes** to track all costs associated with the default. These should be matched with all necessary supporting documentation because sureties and SDI carriers will not pay without a detailed backup.
- **Document all conversations and events** relevant to the claim in daily reports, emails, and correspondence.
- **Get help early.** If you sense that a significant default will occur, you should engage Gallagher and experienced construction law counsel early on.

Artificial intelligence

Artificial intelligence (AI) applications are still in their infancy, but we believe AI will fundamentally alter the way the architectural, engineering, and construction communities operate, from contact to safety.

When email and the internet first became available, business people had a lot of questions. Could you form an agreement over email? If I provided notice through an email instead of a letter sent through the US mail, was the notice effective? If I saw something on the internet, could I rely on it, and how would I be able to prove I actually saw it? After some legislation and the passage of time, those questions got answered and now seem silly.

AI, however, may bring some of these questions back. For example, contractors are using AI applications to review construction contracts, insurance policies, and project specifications to identify key risks without time-consuming review from lawyers and other professionals.¹⁹ At the same time, generative AI like ChatGPT is allowing businesses to interact with customers to find products they desire in a conversational way.²⁰ In the traditional legal framework, a contract is formed when one party makes an offer and another accepts that offer. We now know that humans can form a contract by offer and acceptance over email, but are those humans bound by offers generated and accepted by chatbots without any human involvement? Do we adopt different rules based on the size of the transaction — letting AI order materials up to \$1,000 or \$5,000 but requiring a human to ratify larger contracts? As with email contracts, it will take time to answer these questions.

The most significant construction AI applications thus far have been in safety, where AI can provide real-time safety monitoring.²¹ For example, drones and other cameras can provide a constant video stream showing the site. AI can be trained to examine these images for specific hazards, such as openings that are not properly barricaded or active safety violations — such as workers who are not tied off. If the AI detects an issue, it can send an alert to supervisors so they can address the issue.

The availability of these tools may fundamentally change the rules for liability around construction sites. Under the common law, parties have a duty to use reasonable care to prevent injuries. In the case of hazards, this meant they had a duty to make reasonable efforts to identify hazards and correct them in a timely manner. The law school illustration involves someone who slipped on a banana peel while shopping. If the peel was brown, the shopkeeper could be found negligent on the presumption that the peel had to have been lying on the floor long enough for a reasonable shopkeeper to have noticed the peel and picked it up. But if the peel was still yellow, then the plaintiff would have to show the shopkeeper actually knew the peel was there and did not pick it up.

As AI safety monitoring becomes more affordable and more common, does a contractor become negligent simply by not using it? How long does it take for every hazard detected by AI to turn from a yellow banana peel to a brown peel? Again, it will take time and experience to answer these questions.



Third-party litigation finance or litigation funding

We have seen explosive growth in litigation funding, where financial firms typically lend money to lawyers and their clients to finance litigation in exchange for a percentage of any recovery. While litigation funding does not get much attention, it is leading to increased litigation volume and larger losses for insurers, which in turn leads to higher insurance rates for insureds. Litigation funding is typically provided on a nonrecourse basis, meaning that the lawyers and clients getting the money do not need to pay it back if they do not recover through a settlement or judgment. Even though there is no guarantee of repayment, litigation funding is highly profitable, with Swiss Re estimating that litigation funders earn internal rates of return (IRR) of 25% or more. This has led to huge growth in what is currently estimated to be a \$39 billion industry.²²

About 75% of third-party litigation finance (TPLF) goes to fund mass tort and commercial litigation cases, with the rest going to personal injury firms.²³ Indeed, many large firms use litigation funding to pursue their own cases so that they do not need to record litigation costs in their income statements. Litigation funding has been found to increase the number of suits filed and the time it takes to resolve them.^{24,25,26}

This also results in higher losses for defendants and their insurers. Between 2013 and 2022, losses in product liability cases have grown at an annual rate of 20.4%, commercial liability at 8.1%, and other liability cases at an average of 11.1% per year. This compares to an average inflation rate of about 2.7% over that same time period.²⁷

Growth rate of litigation losses from 2013–2022



Litigation funding is not legal everywhere, and one study found that where it is legal, claim payments rose 60.5%, the probability of a settlement decreased 35.7%, and cases took 140% longer to settle.^{26,28} Accordingly, as litigation funding grows, we can expect to see more litigation, higher claim payments, and higher insurance premiums.

Price moderation

One of the surprise stories for the first half of 2024 is pricing moderation. Engineering News-Record (ENR) publishes a construction cost index, measuring a combination of common labor and a basket of materials (steel, cement, and 2x4 lumber), and a building cost index based on the price of skilled labor and those same materials. As of July 1, 2024, the construction cost index was up only 1% from the year before, and the building cost index was up 1.9%.²⁹ In contrast, the consumer price index was up 3% over this same one-year period.³⁰

Pricing stabilization for basic materials like wood and steel has many benefits. Within the insurance realm, such stabilization is making property and builders risk insurance more affordable as insurers do not have to factor as much inflation into their risk assessments.

As always, however, certain materials experienced significant cost increases, particularly in asphalt emulsions and aggregate, which experienced cost increases of 19%–47% depending on the specific material.²⁹ Much of this increase appears to be driven by the 2021 Federal IIJA. As of November 15, 2023, \$224 billion in IIJA funding had been awarded for transportation projects.³¹ This spending has flowed more heavily in 2024, thus increasing the demand for asphalt.³² Indeed, we have seen anecdotal evidence of road and bridge projects being delayed due to lack of materials due to increased demand from infrastructure spending.



Labor trends

CONTINUED STRENGTH IN HIRING

Construction employment continues to grow on a nationwide basis, with 63% of metro areas surveyed showing increased employment.³³ Employment has not spread evenly, as demand for data centers, infrastructure, power, and manufacturing have pushed growth in some areas, while single-family and multifamily construction have stalled in other areas.

Unemployment rate in construction **HAS DECREASED TO 3.9%**, with 353,000 new job openings in May.

Overall, employment conditions in the industry are tight. The Bureau of Labor Statistics shows that the unemployment rate in the industry has declined to 3.9%, and there were 353,000 job openings in May.³⁴ Between February and May 2024, average hourly earnings for construction works rose from \$37.57 to \$38.06, which translates to 3.9%. However, gains among production and nonsupervisory employees were much more muted.



SUICIDE

One very disturbing trend involves high suicide rates among construction workers. The Centers for Disease Control and Prevention (CDC) reports that male construction workers commit suicide at rates significantly higher than the general population. In 2021, the average suicide rate per 100,000 was 32 for males and eight for females, but in the construction industry those rates were 56 and 10.4, respectively.³⁵ These rates appear to be increasing.³⁶ Indeed, construction workers are five times more likely to die from suicide than jobsite accidents.³⁷ This ratio may actually be an undercount as workers may commit suicide in ways calculated to appear as accidents — for example by disconnecting safety harnesses and then jumping/falling to their death.

While exact causes for high rates of construction industry suicide are hard to pinpoint, possible causes include extended periods of overtime work, high-pressure deadlines, time spent away from family, drug and alcohol abuse, and other job pressures.^{36,38} Also, many construction workers are veterans who suffer from high rates of post-traumatic stress disorder that can lead to suicide.³⁹

Employers can take important steps to help prevent suicide. They can institute suicide prevention programs, some of which have been developed by industry organizations like the Construction Alliance for Suicide Prevention.⁴⁰ (Note: Gallagher does not endorse any particular program or organization.) Short of instituting such a program, managers should be encouraged to listen to employees and provide accommodations to those suffering from acute stresses, such as divorce or the loss of a loved one. Suicide prevention can be integrated into toolbox talks, and employers can post jobsite information about the **Suicide & Crisis Lifeline** (available by calling 988) or the **Crisis Text Line** (text HELLO to 741741).

Heat safety regulations

OSHA has proposed new safety regulations to protect workers from heat hazards. The regulations require employers to develop a heat injury and illness prevention plan when exposed to a heat index greater than 90 degrees. The regulations generally require contractors to ensure that workers can remain hydrated, are trained in heat hazards, and are able to rest and take advantage of shade.⁴¹ While these match many existing practices, there is concern that these regulations do not address differences in regional conditions.

Employers must develop a heat injury and illness prevention plan when the **HEAT INDEX IS GREATER THAN 90.°**



Trending markets: power, HVAC, and water

The booming data center market is driving increased activity and innovation in both electrical generation and HVAC markets. Data centers consume huge amounts of power, and companies owning many of these data centers want to reduce their carbon footprint while maintaining a highly reliable flow of energy.

Unfortunately, many carbon-free energy sources, like wind and solar, suffer from a reliability problem in that they only work when the sun shines or the wind blows. Accordingly, they need to be supplemented with other energy sources that can rapidly meet demand — a need traditionally met with carbon dioxide-generating natural gas-fired power plants. Many tech companies are trying to feed their data centers with nuclear power to meet the need for reliable power while reducing their carbon imprint.⁴² Because nuclear resources are limited, these efforts just shift other consumers to carbon-generating sources, which doesn't result in a positive net impact on carbon dioxide emissions.

To address these issues, a company has recently broken ground on a 345 MW sodium-cooled nuclear reactor that will utilize molten salt energy storage to supply extra generating capacity when wind and solar are not enough.⁴³ As designed, the nuclear portion of the plant will supply a constant amount of power. When generating capacity is not needed, energy will be diverted into liquid salt storage. When excess capacity is required — for example, on a cloudy day when solar power is not being generated — stored energy from the liquid salt storage will be diverted to create 100–500 MW of power for up to 5.5 hours.⁴⁴

Fusion energy is also getting renewed interest. Fusion creates power the same way that our sun creates it — by converting hydrogen into helium.⁴⁵ While fusion technology is still in its infancy, one such plant is currently in the design phase and a power purchase agreement has already been signed by another fusion start-up. Several companies have raised large sums of money to invest in research and new plants.⁴⁶

HVAC and cooling systems account for 35% OF THE AVERAGE DATA CENTER'S POWER CONSUMPTION.

About 35% of the average data center's power consumption goes to HVAC and cooling systems.⁴⁷ Computer room air conditioners are highly specialized to address intense heat loads and need to be specifically maintained.⁴⁸ They must also maintain relative humidity within strict parameters and be designed with redundancy in mind.⁴⁹ The market for such systems is currently estimated at \$13.5 billion, but is expected to grow at a compounded rate of 13.8% and become a \$30.2 billion market in 2031.

Another market trend to watch is the continued strength in water infrastructure. Water, particularly in the West, is in short supply, giving rise to a variety of projects. The city of Corpus Christi, Texas, is embarking on a \$758 million seawater desalination plant.⁵⁰ In the Colorado River basin, several states are working on wastewater reuse — turning sewage into potable drinking water.⁵¹ Water supply is a worldwide problem, and there is estimated to be a 2.2 trillion gap in spending over needs between 2019 and 2039.⁵²

Conclusion

The market continues to evolve, presenting new risks and new opportunities. At Gallagher, we are ready to provide you with the resources necessary to address those risks and seize those opportunities.

Sources

- ¹“Washington DC Office Figures Q2 2024.” CBRE, 1 Jul 2024.
- ²Reich, Greta. “San Francisco’s Office Market Hits Another Vacancy Record, Though ‘Market Is Stabilizing.’” Microsoft Start, 2024.
- ³“Construction Spending Slips 0.1 Percent In May, As Drop in Homebuilding and Private Nonresidential Segments Outweigh Public Investment Gain.” Associated General Contractors of America, 1 Jul 2024.
- ⁴Johnson, Gary. “The Art of Office-to-Residential and Hospitality Conversions.” Buildings, 3 Jul 2024.
- ⁵Nyren, Ron. “Outlook for Office-to-Residential Conversions: What Opportunities Remain for Revamping Office Buildings as Multifamily Residences?” Urban Land, 13 May 2024.
- ⁶upta, Arpit, et al. “Converting Brown Offices to Green Apartments.” NBER, Aug 2023.
- ⁷“Office Adaptive Reuse Study,” NYC, Jan 2023. PDF file.
- ⁸“Mayor Adams Unveils Recommendations to Convert Underused Offices into Homes.” NYC, 9 Jan 2023.
- ⁹Voders, Jeff. “HUD, DOT Change Guidance to Promote Office-to-Residential Conversions.” Engineering News-Record, 27 Oct 2023.
- ¹⁰Rijdt, Sander Van de. “From Brown to Green: Fight the Climate Crisis with Focused Office Conversions.” Buildings, 3 Nov 2023.
- ¹¹Laman, Allen. “Commercial Property Insurance Market Proving More Stable, Capitalized: USI.” Insurance Journal, 6 Jun 2024.
- ¹²“NOAA Predicts Above-Normal 2024 Atlantic Hurricane Season.” National Oceanic and Atmospheric Administration, 23 May 2024.
- ¹³Morland, Sarah. “Hurricane Beryl: Where Is the Deadly Storm Headed and How Dangerous Is It?” Reuters, 9 Jul 2024.
- ¹⁴Beck, Danette et al. “2024 Commercial Property & Casualty Market Outlook Mid-Year Addendum.” USI, 2024. PDF file.
- ¹⁵Todoroff, Natalie. “Limited home insurance options in California as major carriers pull back.” Bankrate, 12 Aug 2024.
- ¹⁶Munce, Fan Megan. “How State Farm’s Financial Peril Could Upend the Entire California Insurance Market.” Microsoft Start, 2024.
- ¹⁷Dumas, Breck. “State Farm Seeking Massive Rate Hikes in California As State’s Insurance Crisis Escalates.” Fox Business, 3 Jul 2024.
- ¹⁸“Unveiling the Reality: Subcontractor Defaults in Construction.” Associated General Contractors of America (AGC), 2024. PDF file.
- ¹⁹“Simplify Your Contracts for Better Project Outcomes.” Document Crunch, accessed 31 Jul 2024.
- ²⁰“Redefine Work in the Age of AI.” ChatGPT, accessed 31 Jul 2024.
- ²¹Doyon, Dan. “AI Construction Safety in a Changing World: Adapt and Innovate.” ASA Foundation, 25 Jun 2024.
- ²²Leefeldt, Ed, and Amy Danise. “How Litigation Funds Are Affecting Lawsuits Against Insurance Companies.” Forbes Advisor, 28 Mar 2022.
- ²³Holdheu, Thomas, et al. “US Litigation Funding and Social Inflation: The Rising Costs Of Legal Liability.” Swiss Re, 9 Dec 2021.
- ²⁴“US Litigation Funding and Social Inflation.” Swiss Re, Dec 2021. PDF file.
- ²⁵Metz, David, and Nick Polavin. “GoSueMe: The Broken Promises Of Third-Party Litigation Funding.” JDSupra, 5 Apr 2024.
- ²⁶Abrams, David, and Daniel L.Chen. “A Market for Justice: A First Empirical Look at Third Party Litigation Funding.” SSRN, 31 May 2017.
- ²⁷Dilworth, Shane. “Insurers Seek Litigation Funding Changes.” Business Insurance, 1 Jun 2024.
- ²⁸Xiao, Jean. “Consumer Litigation Funding and Medical Malpractice Litigation: Examining the Effect of Rancman v. Interim Settlement Funding Corporation.” WILEY, 7 Nov 2017.
- ²⁹“Construction Economics for July, 1 2024.” Engineering News Record, 27 Jun 2024.
- ³⁰Cox, Jeff. “Inflation Rose Just 0.2% in June, Less than Expected as Consumers Get a Break from Price Increases.” CNBC, 13 Jul 2023.
- ³¹Tomer, Adie. “At Its Two-Year Anniversary, The Bipartisan Infrastructure Law Continues to Rebuild All of America.” Brookings, 17 Nov 2023.
- ³²“Construction Market & Risks Report 2024.” Insurance Journal Research, 17 Jun 2024. Gated PDF.
- ³³“Construction Employment Increases in 225 of 358 Metro Areas from May 2023 to May 2024 as Evolving Demand and Labor Shortages Impact Hiring.” Associated General Contractors of America, 2 Jul 2024.
- ³⁴“Industries at a Glance: Construction.” U.S. Bureau of Labor Statistics, accessed 31 Jul 2024.
- ³⁵Sussell, Aaron, et al. “Suicide Rates by Industry and Occupation — National Vital Statistics System, United States, 2021.” CDC, 15 Dec 2023.
- ³⁶Pettypiece, Shannon. “Construction Workers Are Dying by Suicide at an Alarming Rate.” NBC News, 23 Jun 2024.
- ³⁷Kermanshachi, Sharareh, and Apurva Pamidimukkala. “Suicide and Mental Health Challenges in the Construction Industry.” National Academies, 30 May 2024.
- ³⁸Lorek, Sarah. “Mental Health and Suicide Prevention in Construction [STATS].” Trimble, accessed 31 Jul 2024.
- ³⁹“Why Is Construction the Most At-Risk Industry for Suicide Prevention.” Construction Industry Alliance, accessed 31 Jul 2024.
- ⁴⁰“Training Requirements in OSHA Standards” OSHA, accessed 31 Jul 2024. PDF file.
- ⁴¹“Proposed New Federal Heat Rule Reinforces Successful Safety Measures that the Construction Industry Already Uses to Protect Workers.” Association General Contractors of America, 2 Jul 2024.
- ⁴²Hiller, Jennifer, and Sebastian Herrera. “Tech Industry Wants to Lock Up Nuclear Power for AI.” The Wall Street Journal, 1 Jul 2024.
- ⁴³“TerraPower Natrium.” TerraPower, accessed 31 Jul 2024.
- ⁴⁴“The Next Generation of Power Is Here — the Natrium™ Reactor and Energy Storage System.” TerraPower, 2024. PDF file.
- ⁴⁵Powers, B. Mary, et al. “Nuclear Fusion Pushes to Reach Commercial Power Plant Stage.” Engineering News-Record, 27 Jun 2024.
- ⁴⁶Hiller, Jennifer. “Nuclear-Fusion Startup Lands \$1.8 Billion as Investors Chase Star Power.” The Wall Street Journal, 1 Dec 2021.
- ⁴⁷“HVAC for Data Centers — Everything You Need to Know.” Chills, accessed 31 Jul 2024.
- ⁴⁸Beverly, Robert. “HVAC Systems for Data Centers: Hot Space Under Pressure.” The NEWS, 8 Feb 2021.
- ⁴⁹“Optimizing HVAC Systems for Data Centers: Key Considerations.” HVAC, accessed 31 Jul 2024.
- ⁵⁰Leggate, James. “Corpus Christi Shortlists Three Teams for \$757M Desalination Plant.” Engineering News-Record, 3 Jul 2024.
- ⁵¹Barnett, Emily. “Water Infrastructure & Economic Development.” Water Finance Exchange, Jun 2023. PDF file.

We do more than help protect your business.
We help build it.

AJG.com

The Gallagher Way. Since 1927.



Gallagher

The information contained herein is offered as insurance Industry guidance and provided as an overview of current market risks and available coverages and is intended for discussion purposes only. This publication is not intended to offer legal advice or client-specific risk management advice. Any description of insurance coverages is not meant to interpret specific coverages that your company may already have in place or that may be generally available. General insurance descriptions contained herein do not include complete Insurance policy definitions, terms, and/or conditions, and should not be relied on for coverage interpretation. Actual insurance policies must always be consulted for full coverage details and analysis.

Gallagher publications may contain links to non-Gallagher websites that are created and controlled by other organizations. We claim no responsibility for the content of any linked website, or any link contained therein. The inclusion of any link does not imply endorsement by Gallagher, as we have no responsibility for information referenced in material owned and controlled by other parties. Gallagher strongly encourages you to review any separate terms of use and privacy policies governing use of these third party websites and resources.

Insurance brokerage and related services provided by Arthur J. Gallagher Risk Management Services, LLC.
(License Nos. 100292093 and/or OD69293).

© 2024 Arthur J. Gallagher & Co. | GPUS101772