Beyond Winning Work: The Key to Contractors' Sustained Growth

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Sustaining growth in construction is always impressive and often revealing. As projects become larger and more complex, the risks embedded within them expand just as quickly. Patterns often emerge long before they appear in any single contractor's loss history.

However, most contractors do not struggle because they lack skill or opportunity. More often, they have greater loss exposure when growth outpaces the alignment between contracts, risk allocation, and insurance programs. That misalignment creates risk that some contractors do not recognize until a claim, dispute, or bonding issue forces the conversation.

Know Before You Grow

On complex infrastructure projects, contract language is tighter, delivery methods are more sophisticated, bonding requirements are higher, and when something goes wrong, the consequences are immediate if risks were not fully identified and addressed at the outset of the project. In our work at American Global, we know that collaboration that begins during the bid phase enables contractors to identify and evaluate contract and construction risks before they become obligations. Our specialized Infrastructure Solutions team, comprised of professionals with engineering and legal backgrounds, as well as extensive large project experience, brings a technical depth to contract review and risk allocation discussions that few others can offer.

As contractors grow, their risk exposure changes. Project sizes, schedule durations, and contractual responsibilities increase, subcontractor networks widen, and geographic footprints expand. Contractors who move from traditional design-bid-build projects into their first alternative delivery project, such as design-build or progressive design-build, may assume the same risk framework will apply. However, the exposure profile shifts significantly, loss severity exposure increases, indemnity obligations may be broader, and surety scrutiny intensifies.

One of the most common breakdowns occurs in the bid phase. If contracts are not closely reviewed early in the process, and fairly negotiated (when possible), then leverage is lost post-award, and the contractor may be surprised by risks it assumed in the contract. Contractors may fail to uncover broad indemnity provisions, defense obligations, or insurance requirements that do not align with their insurance program or project risks.

An example can be found on a large public infrastructure project: A contractor steps into a more complex delivery method with confidence earned through years of successful work. Under schedule pressure, the contract is executed with the assumption that insurance will respond as it has in the past. Midway through the project, a multi-party loss occurs involving subcontractor operations. Litigation follows, and contractual indemnity provisions shift responsibility upstream. Insurance responds, but not to the extent the contractor anticipated. Defense costs escalate, deductibles strain cash flow, and uncovered obligations emerge. The issue is not workmanship. The issue is that contract language shifted more risk than the insurance requirements were designed to support.

Indemnity provisions also remain one of the most misunderstood areas of contractor risk. Some contractors may view indemnity as standard language that cannot be changed or requires little attention. Indemnity defines responsibility. When indemnity obligations extend beyond what insurance was designed to cover, contractors can find themselves funding losses they never anticipated.

Early and Often

From an advisory standpoint, the most effective risk strategies are built early. At American Global, that means we engage with our contractor clients during project consideration, bid development, contract negotiations with owners, formal pre-bid review, and throughout execution. Early involvement allows risks to be identified and addressed before they become contractual obligations or, if the contractor retains the risk, sees that it is sufficiently mitigated and transferred. Collaboration, early and often, between our client and our team of technical specialists and insurance experts, ensures alignment between contract language, risk allocation, and insurance structure throughout the life of the project.

Insurance programs must evolve with scale. As contractors move into larger projects, severity exposure increases. Joint ventures and public infrastructure work adds layers of responsibility. High deductibles that were appropriate for corporate programs can impact project profitability after a loss.

Subcontractor risk is another area where exposure often hides in plain sight. Certificates of Insurance are collected and reviewed by the project team, yet losses reveal that additional insured status was not properly triggered, contractual requirements were not enforced, or coverage did not match the exposure. On infrastructure projects, these failures are magnified and losses roll uphill.

Claims also affect more than insurance premiums. They affect bonding capacity. Sureties look at patterns over time, and preventable claims tied to contractual issues or unmanaged exposure raise concerns, even when financials are strong. Bonding capacity rarely disappears overnight. It erodes gradually, often, just as contractors are preparing to pursue larger work.

The Bottom Line

The ability to win work will always matter, but contractors who sustain growth over the long-term exhibit discipline behind-the-scenes and share common practices. They review contracts early, understand and address indemnity obligations, align insurance structure with project risks, actively manage subcontractor risk, and treat bonding capacity as a strategic business asset.

To evolve and endure, particularly in the infrastructure sector, contractors must work with a strategic advisor who offers broad risk mitigation and transfer strategies, as well as insurance programs that will align the complex projects they are building with the business they are becoming. That alignment does not happen by accident. It requires experience, technical depth, and early collaboration, well before contracts are executed and work begins.

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About the Author

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