

## **Insurers Still Demanding Quality as Builder Risk Insurance Rates Increase**

*Newly released Insurance report warns Builders of 5-15-percent rate hikes, particularly builders who cannot distinguish their Quality culture from the competition. AxisPointe CEO Stan Luhr sees a repeat of the 1990's with higher insurance rates for builders who do not employ robust risk aversion cultures in their construction activities, and better times ahead for Builders who embrace a Quality Culture.*

**September 27, 2012**—As builders struggle to dig out of the economic housing disaster, insurance companies are predicting slight to modest rate increases while capacity remains stable, according to a report released August 30 by Marsh. The report suggests that builders who “proactively distinguish their risk profiles from their peers...” are best suited to attract more favorable terms and conditions.

“Builders have not yet fully awakened to the fact that they are in a rapidly changing industry where their operational excellence is being measured by their insurer,” said Stan Luhr, CEO of AxisPointe, a Quality Assurance firm supporting builders in the USA and Canada. “This report is warning builders that insurance rates will increase if they are not able to demonstrate their Quality Culture.”

Luhr says that the building industry is caught in a quandary: Government’s desire to push super-efficient (and more complicated) housing, using materials that are more sensitive to moisture and degradation, and employing labor that continues to be less trained and sophisticated, is a recipe for failure.

Luhr’s solution is not easy, and cannot be simply purchased or acquired. He has encouraged builders to transform their business into a Culture of Quality, promoting measurement of best practices and the relentless elimination of waste. “It is nothing new—just new for our industry,” Luhr said. “Twenty years ago the threat of litigation promoted the shift to Quality. Recently, the focus for builders was to survive and build lean and nimble. Now we’re back at insurance costs being the driver for Quality.”

Luhr said the trend began in the mid-1990’s when the insurance market tightened significantly due to uncontrolled litigation stemming from poor construction practices. Few builders had formal Quality Assurance programs and instead relied upon the local building municipality inspector as their only verification of compliance. As the housing boom accelerated in the 2000’s, insurance companies began embracing pro-active risk management practices by endorsing or mandating third-party quality assurance providers to help eliminate defects during construction.

In 1994 Luhr started the first quality assurance program for Centex Homes in Phoenix, sending his forensic architects out to identify missing flashings or incomplete fire walls. Those early programs eventually improved to become the most widely insurance-endorsed program in the USA, improving 430,000 homes and eliminating over \$9 billion in risk and claims cost. By 2005 more than 30 insurers had endorsed his QA programs, which included third-party inspection and documentation of compliant work.

“My first Quality program used printed notebooks and a bar code scanner to record the answers,” said Luhr. “We thought we were pretty high-tech back then, but that was long before Wi-Fi and Smart Phones. Now we carry around the power of a main frame in our pockets.”

AxisPointe’s technologies have recently expanded into the mobile environment, and now interconnect builders with their consultants, suppliers and trade professionals. Its new InSite Mobile™ application empowers builders to control their own quality and safety programs, and manage any form of written process to cover all aspects of construction.

Unlike prior systems developed by Luhr, the InSite Mobile platform is a shared environment where consultants, engineers and even the installation crew verify compliance, providing ‘insight’ to the entire team and driving quality higher. It is this element of sophistication that Luhr says the insurance industry looks for, where high caliber builders separate themselves from their competitors and reap the increased profits associated with the elimination of risk and waste.

“Builders really do want to build the best quality home they can build, but sometimes the chaos takes over. By breaking construction practices down into manageable and measurable metrics, our InSite Mobile app gives the entire team instant feedback and helps us keep the job tight,” Luhr said.

AxisPointe’s web-based software also provides builders with document management, lifetime storage of data, automated homeowner book printing, customer web portals, customer service management and post-construction support services.

### **About AxisPointe**

Since 2002 AxisPointe has provided home builders and contractors with technology solutions to eliminate construction risk and improve efficiency. AxisPointe’s HomeProfile® document management solution has been employed on thousands of homes by leading builders. Builder support services include risk management services, quality assurance and job schedule management, project quality assurance and control systems, project document storage and archiving, customer service management, insurance certificate management, and post-warranty claims support. AxisPointe’s customer web portal allows homeowners to watch their home being built in real time, and directs instant communication and builder document sharing. AxisPointe’s services are completely hosted, eliminating I.T. overhead and operates on multiple cloud-based service networks and company-owned servers.

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