CONSTRUCTION INSIGHTS

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Cyber Threats Rise in Construction, Brokers Step Up

Cyber risk has become a material business issue for Canada's construction industry. As firms adopt cloud-based project management, Building Information Modeling, connected equipment and remote work practices, they face growing exposure to ransomware, fraud, supply chain compromise and data breaches. Canada's National Cyber Threat Assessment 2025–2026 confirms that cybercrime, particularly ransomware, remains the leading threat to Canadian critical infrastructure, which includes construction and engineering projects.

As a result, insurance brokers are no longer focused solely on placing cyber policies. They play a central role in risk assessment, risk reduction and incident response. Their work helps construction companies manage cyber threats that are evolving faster than many internal controls.

FROM INSURANCE PLACEMENT TO CYBER RISK PARTNER

Construction companies face distinct cyber challenges. These include decentralized worksites, mobile workforces, high-value financial transactions and heavy reliance on subcontractors, consultants and equipment vendors. Together, these factors have made construction one of the most targeted industries globally, with ransomware and fraud incidents rising steadily in recent years.

Insurance brokers help connect technical cyber risks to real business impacts. They translate insurer expectations into practical, sector-specific guidance. Their involvement typically focuses on five key areas of risk.

1. REDUCING RANSOMWARE IMPACT AND COVERAGE RISK

Canadian authorities consistently rank ransomware as the most disruptive cyber threat to businesses and infrastructure. For construction firms, an attack can stop work, block access to drawings and schedules and trigger contractual penalties.

Insurance brokers help reduce this risk through pre-binding cyber readiness reviews. These assessments identify gaps that could affect coverage or delay claims. Brokers guide clients on insurer expectations such as multi-factor authentication, offline backups and endpoint security. They also help prioritize improvements that influence premiums, limits and deductibles.

During a ransomware incident, brokers often act as incident coordinators. They help clients access breach coaches, forensic specialists and negotiation support included under the policy. This role can significantly shorten recovery time.

2. PREVENTING UNINSURED BUSINESS EMAIL COMPROMISE LOSSES

Business email compromise and payment redirection fraud are among the most common cyber losses affecting construction firms. Frequent wire transfers and shifting vendor relationships increase the risk. Unlike ransomware losses, these incidents are often excluded from standard cyber policies unless specific controls are in place.

Insurance brokers help construction companies understand these exclusions. They advise on payment verification processes, dual-approval requirements and controls for banking changes. When these measures meet underwriting standards, brokers can often secure social engineering coverage endorsements that would otherwise be unavailable.

Clear guidance before an incident helps firms avoid uninsured losses that can be difficult to recover.

3. MANAGING SUPPLY CHAIN AND SUBCONTRACTOR CYBER EXPOSURE

Construction firms rarely operate in isolation. Projects depend on a network of subcontractors, software platforms, designers and service providers. Each represents a potential entry point for attackers. Canadian threat assessments show that cybercriminals increasingly exploit these indirect paths using stolen credentials and cybercrime-as-a-service models.

Insurance brokers help identify third-party concentration risk during underwriting. They advise on contractual risk-transfer measures, including breach notification requirements and minimum cyber standards for key vendors. Brokers also help align cyber insurance with professional liability and errors and omissions coverage. This reduces the risk of coverage gaps when a cyber incident involving a third party leads to broader operational disruption.

4. ADDRESSING IOT, SMART EQUIPMENT AND OPERATIONAL TECHNOLOGY RISK

The growing use of connected equipment, site sensors, drones and building management systems has expanded the construction industry's attack surface beyond traditional IT. Canadian cybersecurity reporting shows a sharp increase in incidents affecting operational technology as it converges with business networks.

Insurance brokers help identify operational technology exposure during cyber placements. They clarify how cyber policies interact with property, equipment and liability coverage. Brokers also explain insurer concerns related to internet-exposed systems and remote access. This guidance helps reduce the risk of coverage disputes when cyber incidents cause physical disruption or safety issues.

5. SUPPORTING DATA BREACH AND REGULATORY RESPONSE

Construction companies hold sensitive data, including infrastructure designs, employee information and contractual records. These assets are attractive to criminal and state-sponsored actors alike. A data breach can lead to regulatory obligations, legal exposure and reputational harm.

Insurance brokers ensure that cyber policies include breach response services such as legal counsel, forensic investigation and notification support. They also help clients understand reporting requirements and encourage the development of incident response plans. Many insurers now require these plans as a condition of coverage.

CONCLUSION

Cyber risk is no longer solely an IT issue for construction firms. It is a business continuity and infrastructure resilience challenge. Insurers have responded with stricter underwriting, narrower terms and greater scrutiny.

In this environment, insurance brokers have become essential partners. They help construction companies understand cyber threats in business terms, improve insurability through targeted risk reduction, secure broader and more consistent coverage, and manage incidents under pressure.

As Canada's cyber threat landscape continues to evolve, construction firms that engage their insurance brokers early and strategically are better positioned not only to transfer risk, but to manage and withstand it.

If you have questions specific to your business, or would like additional information, please reach out to your Navacord Insurance Services Alberta Inc. Advisor.