

## **CONSTRUCTION RISK CHECKLIST > Pre-construction > Insurance Properly Arranged**

### **One of the Most Dangerous Words in Construction: "Assumed"**

*"I assumed the owner had arranged the insurance."*

*"I thought the builder was taking care of it."*

Unfortunately, these assumptions are often discovered only after a loss has occurred.

Fire, storm damage, theft, vandalism, accidental damage and natural disasters can occur on even the best-managed construction projects. When they do, one of the first questions asked is:

*"Who was responsible for arranging the insurance?"*

If the answer is unclear, the consequences can be significant.

One of the most important discussions on any residential construction project is determining who is responsible for arranging the insurance and ensuring this is clearly documented before work starts.

The answer is not always straightforward. Depending on the project and contract, insurance may be arranged by the homeowner, the builder, or sometimes both parties for different risks. What matters most is that responsibility is clearly allocated and verified.

### **Insurance Verification Checklist**

Before construction starts, make sure you can answer "Yes" to the following:

- 1. Has responsibility for arranging insurance been clearly allocated?**
- 2. Is the insurance responsibility documented in the contract?**
- 3. Has the issue been specifically discussed with the client?**
- 4. Has evidence of insurance been obtained where appropriate?**
- 5. Does the insurance cover the full scope of the proposed works?**
- 6. Have existing structures been considered where renovations or alterations are involved?**

7. **Are key parties correctly noted or insured under the policy where required?**
8. **Has the commencement date of cover been confirmed?**
9. **Have any special conditions, exclusions or limitations been reviewed?**
10. **Is there a process for confirming cover remains in place throughout the project?**

One of the best times to discuss insurance is during the contract stage. Just as payment terms, variations and programme expectations are discussed, responsibility for insurance should be clearly explained and documented.

A simple question can avoid a significant amount of confusion later:

*"Who is arranging the insurance for this project, and how do we know it is in place?"*

Builders should avoid relying solely on assumptions or verbal assurances. If the homeowner is responsible for arranging the insurance, request evidence that cover has been obtained. If the builder is arranging the insurance, ensure the client understands what is being covered and what is not.

This is particularly important on renovation and alteration projects, where the insurance requirements can be more complex. Existing structures, occupied homes and staged construction works can create gaps if the correct cover is not arranged.

It is also important to remember that having insurance is not the same as having the right insurance. A policy may exist, but it may not adequately respond to the specific risks associated with the project.

For this reason, verification should form part of every pre-start process.

The most successful builders do not treat insurance as an administrative task. They treat it as a critical project risk that must be managed before work begins.