

CONSTRUCTION RISK CHECKLIST > During-construction > Notify Insurer of Delays to Completion and Increases in Cost

Don't Let Your Contract Works Insurance Expire Mid-Project

One of the most overlooked construction risks is failing to notify the insurer when a project is delayed or when the cost of the works increases beyond the sum insured.

Most contract works policies are arranged based on an estimated completion date and contract value. If the project runs longer than expected or costs increase significantly, the insurer must be notified, so cover can be extended or the sum insured increased.

Builders should also understand when contract works cover ends. The policy terminates on the earliest of:

- Practical completion of the works.
- Occupation of the works by the owner.
- The expiry date shown on the policy schedule.

This means a project may become uninsured, and the owners will need to arrange separate cover, if they move in before the works are completed, or if practical completion is reached before the policy expiry date.

Insurance Monitoring Checklist

- 1. Record the policy expiry date in the project programme.**
- 2. Set diary reminders at least 30 days before expiry.**
- 3. Monitor project costs against the sum insured.**
- 4. Notify delays as soon as they become apparent.**
- 5. Notify significant cost increases.**
- 6. Confirm any extensions or amendments in writing.**

Where the owner is responsible for arranging the insurance, builders should still raise the issue before the policy expires. A simple email reminder can help demonstrate that the risk was identified and communicated.

The most effective approach is to discuss insurance responsibilities at contract stage and include expiry dates and review reminders within the project management process.

A few minutes spent checking cover remains adequate can prevent a major uninsured loss later.