

# The Importance of Consistent Communication During a Construction Claim

## How to help your clients get the most out of their Contractors Professional Liability policy with effective, two-way communication

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When something goes wrong on your client's jobsite, timely communication with them, their broker and the insurance provider can prevent small issues from snowballing into larger claims. The contractor's professional liability policy is more than just a piece of paper; it's also a promise of support, expertise and advocacy when it matters most. But that contractor-broker-insurance provider relationship can only reach its full potential with timely two-way communication. Let's explore what that looks like.

### Report Issues Early

Most contractor's professional liability policies operate on a claims-made and reported basis, meaning claims must be made against the insured and reported to the carrier and the broker during the specific policy period.

With claims-made and reported coverage, it is critical to notify the carrier of potential claims or incidents as soon as your client becomes aware of them, even if they seem minor or you're not sure they'll turn into a formal claim. If you miss the designated window to notify your client's carrier and file the claim, it can be denied, no matter how strong your client's case is.

But with a simple phone call or email from the client to the carrier and the broker, laying out the "who, what, where, when and why," of the issue or issues, your client can avoid any risk of losing coverage on a technicality.

Putting the carrier on notice about potential issues is a good example of proactive risk management. If the situation does turn into a claim later, even after the policy period ends, your client may still be covered because they reported it to the carrier in time.

There's a common misconception that reporting problems to a carrier will automatically lead to premium hikes and coverage restrictions at renewal. That is not the case with contractors professional liability insurance.

At Berkley Construction Professional, we value early communication and will not penalize your client for reporting issues that could lead to a claim down the line. Instead, we will advise you and your client on how to manage the issue and limit the client's exposure, as well as help the client use the available mitigation coverage (sometimes called rectification coverage or mitigation of loss coverage) in the contractors professional liability policy to reduce the likelihood of any future loss.

Mitigation coverage reimburses the client for costs incurred to prevent or reduce the severity of a potential claim arising from a professional service or construction pollution condition error or omission. The situation must be discovered and reported to the insurance provider during the policy period, and the client must act to mitigate the loss in ways approved by the insurance provider.

While there seems to be some misunderstanding or even fear around triggering that mitigation coverage, especially among smaller policyholders without dedicated risk management teams, it's better to practice early intervention. Remember, paying \$1 million to fix an issue early on is often better than facing a \$7 million lawsuit down the line.

Brokers should explain to the client that if they aren't sure what the best course of action is after an incident, they should pick up the phone and call them. Remind clients that the broker's role is to help them make the most out of their policy, by providing expert advice, risk management resources, claims assistance and more.

## **A Communication Disconnect**

One of the biggest challenges with Contractors professional liability claims stems from a communication breakdown that occurs on the jobsite. In many mid-sized construction firms, there's often a disconnect between the boots on the ground and the risk management team or leadership off-site.

The people encountering problems firsthand don't always realize they need to report them promptly, or they may try to solve issues internally before looping in risk management. This delays communication with the insurance provider and potentially jeopardizes their coverage.

Timely communication across all levels of a construction company is critical. When everyone is aligned and proactively sharing information, the claims process is much smoother. Good risk management teams know their policies inside and out, report issues early and keep carriers informed, even if it's just to monitor a situation. That upfront transparency allows the carrier to act quickly and effectively if the situation escalates.

On the flip side, when claims are reported late or with limited information, especially shortly before a mediation or legal deadline, the insurance provider can't properly evaluate or support a resolution. This slows down the claim process and can lead to additional conflict.

## The Takeaway?

At Berkley Construction Professional, we would like to be a partner with our clients and not just a problem-solver after something has gone wrong and your client has been sued. Open communication, early reporting and a willingness to ask questions — whether it's about policy coverage or potential risk scenarios — can make all the difference. When everyone is on the same page early, claim outcomes are almost always better.

## About the Author



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