

## CONSTRUCTION CLAIMS AND PROJECT RECOVERY AFTER HURRICANES



In the aftermath of Hurricanes Harvey, Irma, and Maria, and with an active storm season continuing, construction companies and project owners should ensure they are well prepared before and after a storm to mitigate and recover from loss. Construction companies will be tasked with completing active projects as well as helping property owners clean-up, repair, and rebuild existing facilities. Contractors will be challenged to drive the recovery and Marsh Risk Consulting (MRC) can help.

MRC's Construction Consulting Services Practice specializes in providing solutions and strategies to help manage, expedite, and maximize recoveries — helping projects achieve successful outcomes despite a catastrophic event.

As part of recovery efforts, contractors and owners should consider four major questions:

- What was the scope of damage?
- How much will it cost to fix?
- How long will recovery take?
- How will the recovery be paid for?

MRC's expertise in construction project management and contract and insurance claims can help clients quickly and effectively address these questions. Our solutions help drive recoveries under Builders Risk and other insurance. We also help align and augment project controls to address the challenges of

separating base contract and insurance scope as well as quantify project delays.

Just as every project is unique, so is each claim recovery. Our solutions are customized to help clearly present and support effective and reasonable claim recoveries. We provide expertise and strategies to contractors that are challenged to finish impacted projects across a changing landscape of labor and material shortages and price escalations. We also help reduce uncertainty about expected schedule completions, final cost estimates, and financial recovery.

### SERVICE HIGHLIGHTS

MRC uses specialists on every client engagement. Our team has comprehensive experience in the construction sector — including construction project management, change order management, contract and

#### Who it's for

- Construction contractors and project owners who are facing losses and damages from a hurricane or other natural disaster.

#### What you get

- Custom solutions for management based on project and client needs to minimize loss and maximize financial recovery.
- Experienced analysis and support in developing accurate documentation to appropriately maximize recovery.
- Dispute avoidance and resolution services, including expert witness testimony, to quickly and cost-effectively resolve conflicts.

insurance claims, and dispute resolution. Our practice includes experienced construction project management and claims experts, engineers, forensic accountants, architects, attorneys, FEMA specialists, and coverage advocates.

Our solutions for contractors and their construction partners include:

## RECOVERY UNDER BUILDERS RISK AND RELATED POLICIES

A contractor's or owner's financial recovery after a hurricane is dependent on how well it can prove its loss. Clarity about the loss comes through analysis and documentation, which are critical for perfecting a claim and avoiding a protracted adjustment process. Further, insurers engage construction and accounting consultants to scrutinize losses. We help the insured manage this process.

MRC helps contractors and owners quantify their loss, forecast total cost and delay, measure soft costs and business interruption, develop recordkeeping processes, define loss-recovery team responsibilities, and implement communications best practices with adjusters and the insurers' consultants to maintain a focus on the insurance claim.

MRC's support on and beyond insurance policies extends to the following issues:

- **An insurance policy may not cover all the impacts faced by a contractor.**

We can quickly help contractors understand and align coverages with costs components — such as direct expense, extra expense, expediting expense, debris removal, and soft costs, among others — so contractors and project owners can better understand the potential final financial impact.

- **Builders Risk costs must be separated from base contract work.** We help clients separate claim costs from contract work and assist in documenting that costs were reasonable and necessary — all critical steps needed to get them paid by a carrier.
- **Schedule delays should be clearly presented.** Builders Risk insurance may cover delay from damage, whereas construction contracts typically address delay from weather or force majeure events. These are not the same types of delays and can create challenges for contractors when it comes to financial recovery. MRC helps clients understand where delay costs may be recovered and provides forensic schedule analysis to help demonstrate delay under Builders Risk or a contract provision.
- **Uncertainty about recovery should be addressed.** MRC helps clients reduce variability in answering executive management questions about how extensive a loss is, how much it will cost to fix, when a project will be completed, and what amounts might be recovered. We collaborate across the

silos, working with project managers, executives, outside counsel, project stakeholders, and insurance company representatives. We help clients resolve claim issues quickly to help expedite the financial recovery.

## PROJECT CONTROLS CONSULTING

MRC can assist contractors with segmenting project cost and schedule data by base contract, potential contract changes, and insurance claim scope, providing quick visibility to project and executive management. By enhancing claim and project management outputs, contractors can better support financial recovery through insurance, contract change orders, and government programs, such as FEMA.

Our professionals can:

- Guide contractors and owners in effectively implementing best practices to strengthen project management controls around cost, scope, and schedule.
- Assist in resolving contract disputes or subcontractor defaults while providing project completion cost forecasts that consider multiple challenges and recovery sources.

For more information about our construction consulting and related services for contractors and property owners, please contact your Marsh representative or visit [www.marshriskconsulting.com](http://www.marshriskconsulting.com).

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