



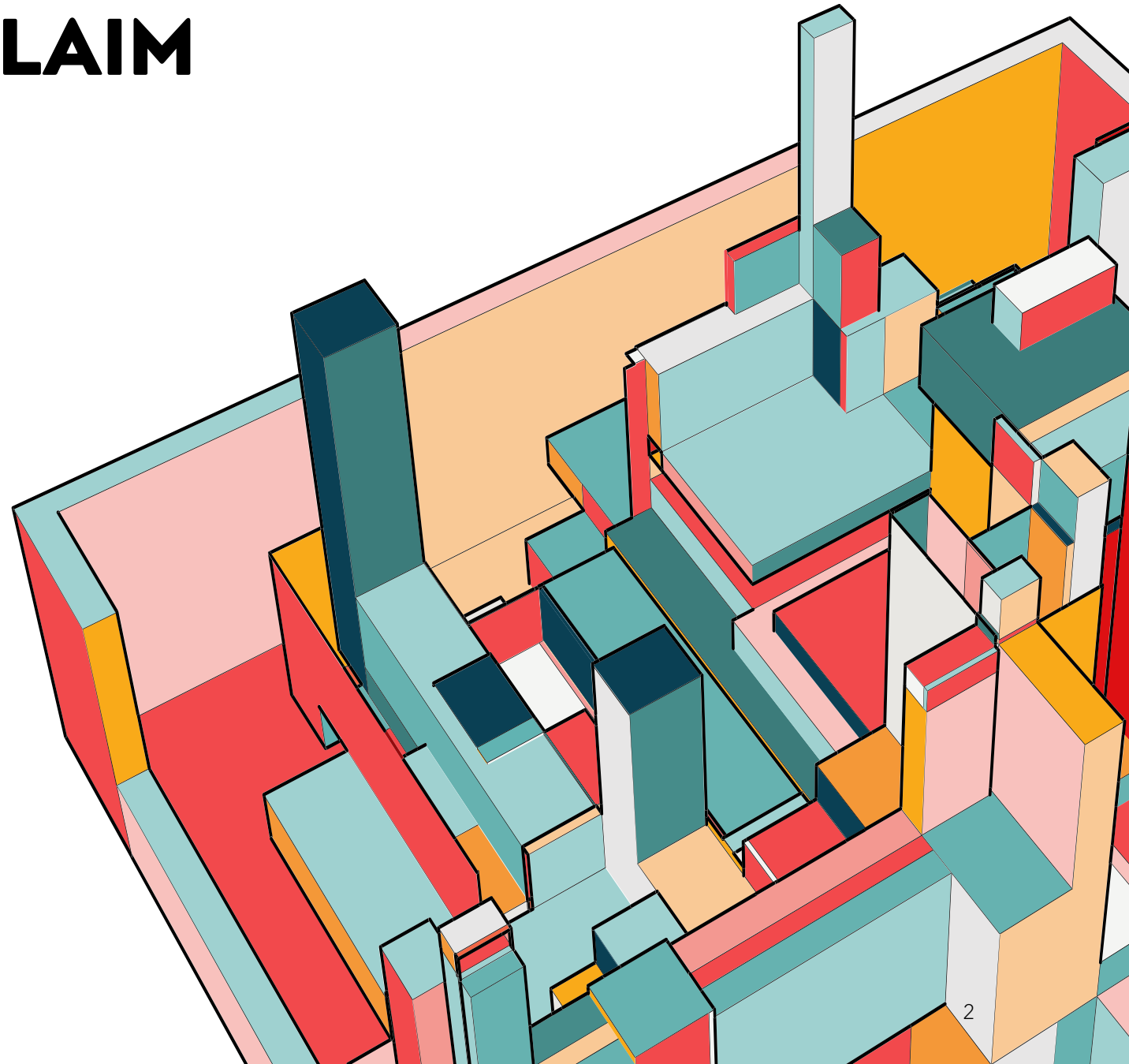
*Estimate Cube Canada Inc.*

*Empower You with Courtesy & Collaboration*

# CONSTRUCTION CLAIM MANAGEMENT

The purpose of this guideline is to provide you with a basic understanding of construction claim management, its importance, and the key strategies and best practices involved.

We will explore the fundamentals of claim identification, analysis, and resolution, while highlighting the essential role of collaboration, documentation, and expertise in navigating the challenging landscape of construction claims.



# DEFINITION OF CLAIM IN CONSTRUCTION

- **AACE:** A demand or assertion of rights by one party against another for damages sustained under the terms of a legally binding contract. Damages might include money, time, or other compensation to make the claimant whole.
- **ASCE:** A claim is a demand or assertion by one of the parties seeking, as a matter of right, adjustment or interpretation of contract terms, payment of money, extension of time or other relief with respect to the terms of the Contract.

# CAUSES OF CLAIM

- Differing site condition;
- Differences in contract interpretation;
- Defective specifications;
- Delays from the owner's acts or failure to act;
- Unwarranted work rejection;
- Owner's failure to disclose information;
- Strikes;
- Forces of nature (Force majeure);
- Additional work not specified in the contract documents;
- Work different from that specified;
- Changes in contract drawings or specifications;
- Accelerated performance.

# CLAIM MANAGEMENT PROCESS



# ELEMENTS OF A CONSTRUCTION CLAIM

Every claim consists of two major elements:

- Identification of the claim and entitlement to recovery;
- Quantification of the claim.

# CLAIM IDENTIFICATION & NOTIFICATION

- Proper claim begins with identification of the claim;
- The contractor must be able to recognize and identify a claim situation when it first develops, not after it has become a controversy;
- To identify the claim, it is important to list the possible causes of the claim;
- Identification goes concurrently with notification;
- Most contracts contain clauses requiring notification of differing site conditions, changes, and delays within a stated period of time.

# SYSTEMATIC DOCUMENTATION

**The following are the primary documents that should be maintained during the life of the project:**

- Baseline schedule;
- Contemporaneous schedule updates, which are updated periodically and regularly during the life of the project;
- Contractor and subcontractor daily reports;
- E-mails documenting any delays, disruption, damages or issues;
- Logs tracking all documents, including RFIs, Submittals/transmittals, Shop drawings and Contract changes;
- Minutes of Meetings (MoMs);
- Any claim events.



# TYPE OF CONSTRUCTION CLAIMS

- Project Delays and Time Extensions
- Disruption/Loss of Productivity Claim
- Change of Work Order Claim
- Different Site Condition Claim
- Damage Claim
- Loss of Profit/Opportunity Claim
- Acceleration Claim
- Contract Termination Claim
- Price Volatility or Difference in Pricing Claim

# CLAIM CONTENTS

**Regardless of a claim's type, the contents of a claim should be included:**

- Executive Summary;
- Basis of Claim;
- Quantum Calculation Including Cost and Schedule Analysis;
- Inclusions and Exclusions;
- Conclusion;
- Appendices including all the support documents (claim event matrix, emails, notifications, quotations before and after claim events, reports, minutes of meetings, baseline schedule, cost baseline,...)

# CONSTRUCTION CLAIM/DISPUTE RESOLUTION STEPS

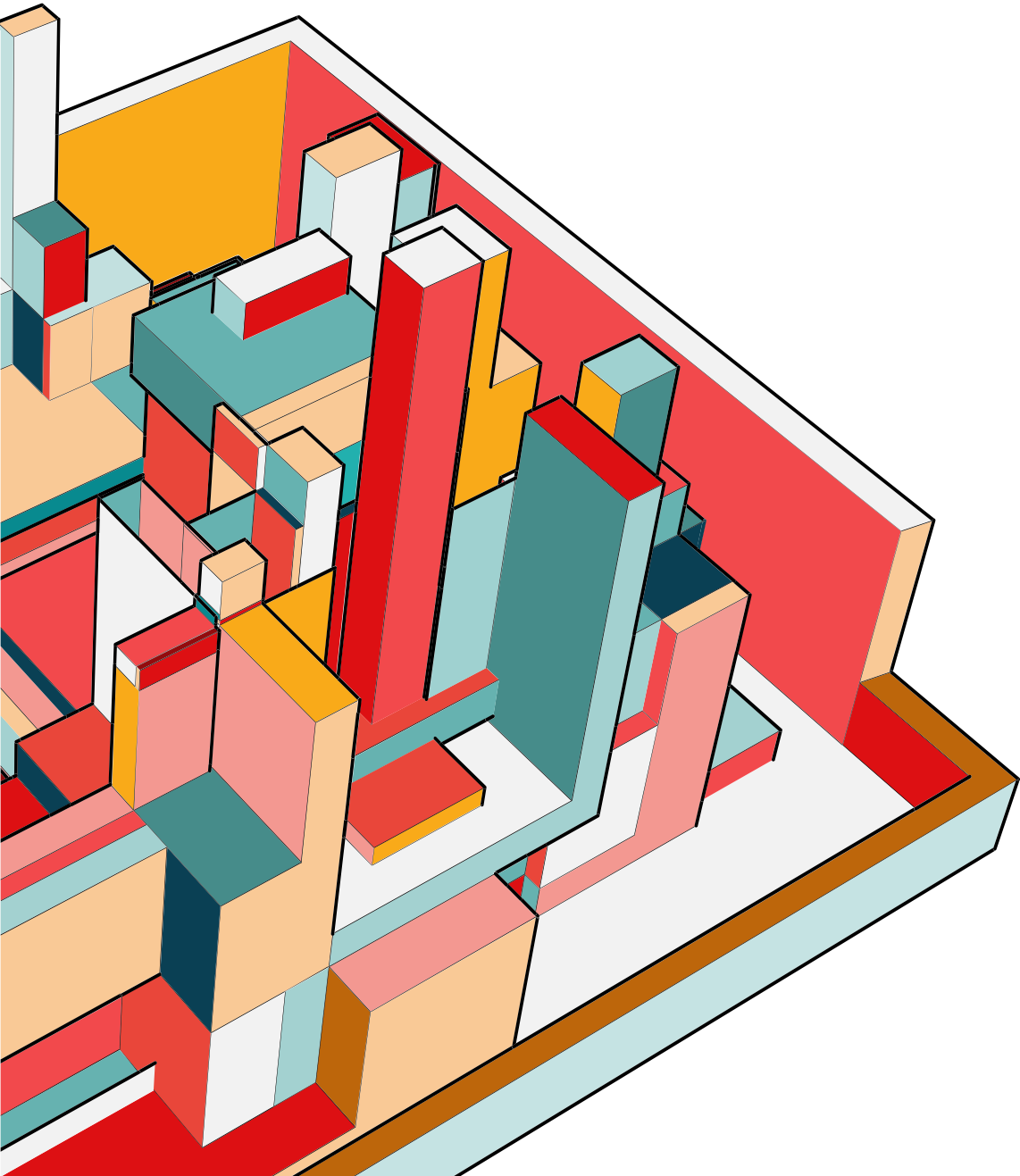


# DISPUTE RESOLUTION DEFINITIONS

- **Negotiation:** It is the least formal type of construction dispute resolution and the goal is to help parties coming to a consensus on their own.
  - Informal Process: Through email, phone call or face to face meeting.
  - Formal Process: Submitting the claim.
- **Mediation:** When the parties involve an independent third party “Mediator” who facilitates the discussion between the disputing parties. The Mediator will assist the parties to identify the key issues in dispute and consider options and alternatives to settle the matter.

# DISPUTE RESOLUTION DEFINITIONS

- **Arbitration:** It is one of the most formal types of dispute resolution where an independent **adjudicator** makes a binding decision on the issues in contention based on the evidence presented by the parties. Arbitration is quite similar to litigation, except that arbitrations are conducted outside of court.
- **Litigation:** it is a legal process in which the **court** decides the outcome for the dispute.



# SUMMARY

By proactively identifying and effectively managing construction claims, we can mitigate risks, minimize disputes, and maintain project schedules and budgets.

Claim management is not just about resolving conflicts; it's about preserving project integrity, maximizing profitability, and ensuring client satisfaction.

# THANK YOU



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