



Construction Commercial Insurance Profile

Q4 2023

5 Risks in the Construction Industry

Construction owners and contractors face a myriad of risks that are inherent to the industry. In order to help ensure safe and productive operations, it's vital for these parties to understand common exposures so they can take proactive steps to address them. While each operation's specific exposures may vary, the construction industry, as a whole, faces five pervasive risks:

- 1. Safety hazards**—The construction industry is consistently on the list of the most dangerous industries. Workers encounter several job-related hazards that could result in serious injury or death, and project sites often pose safety risks to third parties. Employers must adhere to applicable safety regulations, perform rigorous inspections to identify risks, and provide workers with necessary safety training and equipment.
- 2. Project delays**—Delays can stem from several different areas of a construction project and can significantly impact a project's timeline and budget. Establishing and maintaining clear communication channels between all involved parties can help avoid or reduce delays. In addition, creating business continuity plans can help reduce the effects of delays.
- 3. Labour shortages**—Finding qualified employees can be challenging for projects of all sizes. Other circumstances may also arise, such as employee turnover occurring during a project. These risks can be mitigated by conducting workforce planning assessments, investing in training and development, offering long-term contracts and competitive pay, and utilising technology to identify top applicants.
- 4. Supply chain disruptions**—Shipping issues, natural disasters, material shortages and economic forces are only a few examples of factors that can interrupt a supply chain. Construction owners and contractors can avoid or address these situations by monitoring global supply chain problems and maintaining a diversified and adaptable supply chain.
- 5. Administrative errors**—With the number of documents involved in a project, there are several chances for a mistake in the drawings, contracts or other paperwork to create issues. Attention to detail, communication, collaboration and automation technology can help reduce administrative errors.

Contact us today for additional industry-specific risk management guidance.