



Builders risk pitfalls

How to help clients avoid common
claims and protect their reputation

February 19, 2026

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Plumbing failure in custom home build



Plumbing failure leads to \$1 million water damage loss

What happened?

- **Scenario overview**

Plumber working on a 3-story custom home fails to completed a weld late on a Friday afternoon.

- **What happened**

Leak started and went undetected until Monday morning.

- **Impact**

\$1 million in water damage throughout the home.



Loss control

Basic risk management advice on protecting against water damage

- Conduct thorough end-of-day and end-of-week walk-arounds to identify potential issues.
- Ensure experienced tradespeople verify all critical plumbing work is fully completed and inspected before leaving the site.
- Implement protocols to confirm welding and plumbing tasks are properly finished, especially before weekends.

**Smoldering fire from
used rags**



Smoldering fire causes \$500,000 smoke damage

What happened?



- **Scenario overview**
Painter performing touch-up painting in a nearly completed custom home (95% complete).
- **What happened**
Used rags improperly disposed of in a dumpster inside the garage.
- **Impact**
Smoldering fire developed, causing \$500,000 in smoke damage.

Loss control

Basic risk management on proactive fire safety planning

- Educate workers on proper disposal of combustible waste.
- Remove combustible waste, such as used rags, from the site daily.
- Store dumpsters and waste containers away from buildings and enclosed spaces.
- Consider fire-safe containers for waste storage to reduce smoldering fire risks.

**Building collapse from
improper wall repair**



Building collapse results in \$1 million damage

What happened?

- **Scenario overview**
Builder renovating a residential structure attempts party wall repair without a structural engineer.
- **What happened**
Improper repair caused building collapse.
- **Impact**
\$1 million in structural damage.



Loss control

Basic risk management for structural collapse prevention

- Engage qualified structural engineers for design and approval of temporary supports, shoring, and bracing.
- Follow local codes and laws for structural modifications and temporary support.
- Plan all demolition, dismantling, or alteration work with competent engineering oversight.
- Avoid unqualified attempts to repair critical structural elements.

**Theft of building
materials**

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\$250,000 in custom windows stolen overnight

What happened?



- **Scenario overview**
Builder leaves building materials, including custom windows, stored in the open.
- **What happened**
Materials stolen overnight
- **Impact**
\$250,000 loss in custom windows.

Loss control

Basic risk management for theft control

- Use “just in time” delivery to minimize on-site storage duration.
- Store valuable materials in locked, secure containers or buildings.
- Security guards, perimeter fencing, and video surveillance can often be too costly. Motion-activated lighting offers an affordable way to enhance security by creating the impression of active monitoring.

**Vandalism during
renovation project**

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Vandalism causes \$350,000 in damage

What happened?

- **Scenario overview**

Vandals enter a commercial building under renovation.

- **What happened**

Extensive damage to drywall, wiring, and plumbing occurred overnight.

- **Impact**

\$350,000 in damage.



Loss control

Basic risk management for control of vandalism

- Educate workers and subcontractors on the importance of site security.
- Control and monitor access to the project site to prevent unauthorized entry.
- Use physical barriers and locks to secure interior and exterior areas.
- Employ security measures such as lighting, alarms, or video surveillance with remote monitoring and motion detection where possible.

Expect the unexpected

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Animals causes \$250,000 in damage

What happened?

- **Scenario overview**

Contractor fails to properly secure temporary front door to custom home.

- **What happened**

Inquisitive bovines decide custom home was better than barn. Twenty-five decided to spend Sunday night in completed home.

- **Impact**

\$250,000 in damage.



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Victor's Builders Risk program

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Q & A



Thank you



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