



PART - I

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**CONSTRUCTION
CLAIM
TERMINOLOGIES**

YOU NEED TO KNOW AS A CONTRACTS PRO

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CHANGE ORDER

A document that outlines modifications to the original construction contract, affecting scope, time, and cost

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LIQUIDATED DAMAGES

Pre-determined financial penalties for delays in project completion, often specified in the contract

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ACCELERATION

The process of expediting work to meet project deadlines, usually due to delays or unforeseen circumstances

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RETAINAGE

The percentage of payment withheld by the owner until project completion to ensure contractual obligations are met.

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SCOPE CREEP

Unauthorized changes or additions to the project scope that can lead to disputes over additional costs and time.

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DISRUPTION

Events or conditions that disturb the planned progress of the work, impacting productivity and potentially leading to claims.

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FORCE MAJEURE

Unforeseeable events beyond the contractor's control, such as natural disasters, that may excuse delays or non-performance.

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CONCURRENT DELAY

Simultaneous delays caused by both the owner and contractor, often leading to complex claims disputes.

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MITIGATION

Efforts made by the parties to minimize the impact of a claim or dispute on the project.

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DEFECTS LIABILITY PERIOD

The duration during which a contractor is responsible for addressing and rectifying defects in the completed work

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INDEMNITY

The obligation of one party to compensate the other for losses or damages incurred during the project.

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NOTICE OF CLAIM

A formal communication by a party asserting a claim, providing details of the issue and potential impacts.

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RETROSPECTIVE DELAY ANALYSIS

Assessing project delays after they occur to determine their causes and effects on the schedule.

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DIFFERING SITE CONDITIONS

Unexpected subsurface or environmental conditions that differ from what was indicated in the contract documents

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TERMINATION FOR CONVENIENCE

The right of the owner to terminate the contract without cause, typically requiring compensation to the contractor

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CRITICAL PATH METHOD (CPM)

A scheduling technique used to identify the sequence of activities critical to completing the project on time.

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PROLONGATION COSTS

Additional expenses incurred due to project delays, including extended overheads and extended labor costs

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DEPRECIATION

Reduction in the value of a property or asset over time, often considered in claims for damages

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ARBITRATION

A dispute resolution process where an impartial third party makes a binding decision after hearing arguments from both parties

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DELAY ANALYSIS

Evaluating the effects of
change orders or delays on the
project schedule

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CLAIMANT

The party asserting a claim, seeking compensation or resolution for issues affecting the project

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RESPONDENT

The party defending the claim, from the Claimant who is seeking compensation or resolution.

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NEGLIGENCE

Failure to exercise reasonable care, leading to damages or injuries, and potentially resulting in claims

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LOSS OF PRODUCTIVITY

Decreased efficiency or output
due to disruptions, changes, or
adverse working conditions

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DEFAULT

Failure to fulfill contractual obligations, leading to potential termination and claims for damages

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TIME IS OF THE ESSENCE

A contractual provision
emphasizing the importance of
adhering to project timelines

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CONSEQUENTIAL DAMAGES

Indirect or special damages resulting from a breach of contract, beyond the immediate project costs

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CONSTRUCTIVE ACCELERATION

When a contractor, facing delays not of their making, accelerates work to meet the original project deadline without direction from Client.

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NO DAMAGES FOR DELAY CLAUSE

Contractual language limiting the contractor's right to claim damages for project delays

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SUBSTANTIAL COMPLETION

The stage when a project is sufficiently complete for its intended use, allowing for occupancy or utilization

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SUSPENSION OF WORK

Temporary halting of
construction activities, often
due to unforeseen
circumstances or disputes

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NOTICE TO PROCEED

Formal written authorization
instructing the contractor to
begin work on the project

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DISPUTE RESOLUTION BOARD (DRB)

A panel of impartial experts
tasked with resolving disputes
during the construction
process

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EXPERT WITNESS

A professional with specialized knowledge who provides testimony in legal proceedings to support or refute claims

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THIRD-PARTY LIABILITY

Responsibility assigned to a party not directly involved in the contract, often leading to additional claims

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WAIVER OF SUBROGATION

An agreement preventing one party's insurance company from seeking damages from the other party

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LIEN

A legal claim against a property to secure payment for services or materials supplied during construction

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QUANTUM MERUIT

A legal doctrine allowing recovery of the reasonable value of services rendered when no contract exists, often applied in construction claims

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TIME AT LARGE

A period during which neither party is held accountable for project delays, often due to unforeseen events or owner-caused delays

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GLOBAL CLAIM

A comprehensive claim covering multiple issues, often challenging to prove and requiring extensive documentation and analysis

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SOVEREIGN IMMUNITY

Legal protection granted to government entities, limiting their liability and complicating claims against them

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DOCTRINE OF FRUSTRATION

A legal principle releasing parties from contractual obligations when unforeseen events make performance impossible or radically different.

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BURDEN OF PROOF

The obligation to present evidence supporting a claim or defense, often requiring strategic and detailed argumentation

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ALTERNATE DISPUTE RESOLUTION (ADR)

Methods like mediation, arbitration or dispute resolution boards used as alternatives to litigation, requiring specialized knowledge in claims resolution

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ESTOPPEL

A legal principle preventing a party from asserting a claim or defense that contradicts their prior actions or representations, affecting claims credibility

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GLOBAL SETTLEMENT

Comprehensive resolution of all claims between parties, requiring complex negotiations and strategic planning

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EXPERT DETERMINATION

A process in which an independent expert makes a binding decision on a specific issue in dispute, streamlining claims resolution with specialized knowledge

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HYBRID DISPUTE RESOLUTION

Utilizing a combination of dispute resolution methods, such as mediation-arbitration, to resolve construction claims efficiently.

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MITIGATION OF DAMAGES

Efforts made by a party to minimize the impact and costs of a claim, influencing the assessment of damages in construction claims

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PREVENTION PRINCIPLE

Asserts that the party causing a delay or disruption cannot later claim damages for the resulting impact on the project schedule or costs

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