

OCIPs: How Coverages Compare to Traditionally Provided Contractor Coverage

Introductions

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Purpose

- Overview of typical coverages needed for construction projects
- Discuss OCIP coverages compared to Contractor provided coverage
- Demystify construction insurance

General Differences

- Policy owner vs. additionally insured
- Policy Singularity
- Application of limits
- Control of claims

General Liability

- What it Covers
 - Injuries to non-district affiliated personnel and property damage
- Unique Issues
 - Over action claims
 - Completed operations
 - Risk Transfer (SB 474)
 - Coverage gaps (Excess GL)

General Liability

OCIP	
Coverage	Limits
10 year Completed Operations	\$2M per Occurrence \$4M Aggregate Project dedicated limits
Excess Liability	\$15M

Contractor Provided	
Coverage	Limits
2-3 year Completed Operations	\$2M per Occurrence \$4M Aggregate Shared limits with other projects
Excess Liability <ul style="list-style-type: none"> Possible gaps 	\$?
Exclusions ?	

Workers Comp

- What it Covers
 - Injuries to construction personal
- Unique Issues
 - Employers Liability
 - Over action claims

Workers Comp

OCIP	
Coverage	Limits
Medical costs, indemnity and expenses	Statutory

Contractor Provided	
Coverage	Limits
Medical costs, indemnity and expenses	Typically statutory

Builders' Risk

- What it Covers
 - Protects the interest of all involved parties including the District, all contractors and subcontractors.
 - Protects property intended to become a permanent part of the project.
- Issues
 - Non standard form
 - Subrogation

Builders' Risk

OCIP	
Coverage	Limits
Extension of ASCIP's Property program <u>Property</u> <ul style="list-style-type: none"> Existing building In transit Temporarily at other locations 	\$50M
<u>Expenses</u> <ul style="list-style-type: none"> Demolition/Debris removal Engineer/Architect Rental interruption and income Extra expense Expediting expense 	

Contractor Provided	
Coverage	Limits
?? Bid and contract dependent <u>Property</u> <ul style="list-style-type: none"> Insurable work Project scope 	Value of construction
<u>Expenses</u> <ul style="list-style-type: none"> Demolition/Debris removal Engineer/Architect 	

Contractors Pollution Liability

- What it Covers
 - Fills gaps normally excluded by general liability policies
 - Provides coverage for bodily injury, property damage, defense costs, cleanup, and restoration expenses arising from the insured operations of the contractor
- Issues
 - 20% of contractors purchase
 - Non standard form

Contractors Pollution Liability

OCIP	
Coverage	Limits
Third party liability	\$5M
Environmental Crisis Management	\$250K

Contractor Provided	
Coverage	Limits
Third party liability	??
?? Bid and contract dependent	

Other Coverages

- OPPI
 - Owners Protective Professional Indemnity
 - Protects for faulty design liability
 - \$150K (higher limits available)
- Breach of Contract
 - Defense costs
 - \$25K

Conclusion

Demystifying the Complicated

- Construction insurance is complicated
- OCIPs as sound risk management tools
- Questions?
- Next webinar 4/26
 - OCIPs: What Services to Expect from OCIPs compared to Contractor Provided Insurance