



OCIPs: How Coverages Compare to Traditionally Provided Contractor Coverage

Introductions

- John Didion
 - Executive Director CIPA
- Michael Bishop
 - ASCIP OCIP Consultant
- Marco Guardi
 - AVP Risk Control Arthur J Gallagher

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		Contractor Provided	
Coverage	Limits	Coverage	Limits
10 year Completed Operations	\$2M per Occurrence \$4M Aggregate Project dedicated limits	2-3 year Completed Operations	\$2M per Occurrence \$4M Aggregate Shared limits with other projects
Excess Liability	\$15M	Excess Liability • Possible gaps	\$?

Workers Comp

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

Workers Comp

OCIP		Contractor Provided	
Coverage	Limits	Coverage	Limits
Medical costs, indemnity and expenses	Statutory	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	Contractor Provided
Coverage	Limits
Extension of ASCIP's <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	<u>?? Bid and contract dependent</u> <u>Property</u> <ul style="list-style-type: none">• Insurable work• Project scope <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		Contractor Provided	
Coverage	Limits	Coverage	Limits
Third party liability	\$5M	Third party liability	??
Environmental Crisis Management	\$250K	?? 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