Construction Insurance Safety and Claims Issues

THE IMPORTANCE OF SAFETY AND RISK MANAGEMENT IN CSU CONSTRUCTION PROJECTS
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What does the CSU have in place?  
What does this mean to me?  

Safety begins before construction starts.  
Issues during construction.  
Importance of Campus Safety Culture.  

What are triggering events?  
Managing a claim with your team.  
Lessons learned.
CONSTRUCTION INSURANCE OVERVIEW

INSURANCE COVERAGE FOR CSU CONSTRUCTION PROJECTS
WHAT IS IN PLACE?

• The CSU requires WC, GL, & Auto on all construction projects regardless of size.
• For all projects over the Major Cap, the projects must enroll in the BRIP.
• For all projects over $10M, the project must enroll in the OCIP.
• Why do we bother with this?
OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

- Administered through CPDC
- All projects over $10M must enroll
  - if utilizing state funds
  - on or off campus property
- Provides WC, GL and excess GL coverage

- Provides 1%-2.5% savings versus CCIPs & contractor provided insurance
EXCLUSIONS

PROFESSIONAL SERVICES
Architects, surveyors, engineers, and soil testing engineers, & their consultants

DESTRUCTIVE SERVICES
Hazardous material remediation;
Heavy demolition

VENDORS & SUPPLIERS
Vendors, suppliers, fabricators, material dealers, haulers & others who merely transport or carry materials, personnel, parts or equipment to or from the Project Site
BUILDER’S RISK INSURANCE PROGRAM (BRIP)

• ADMINISTERED THROUGH CPDC
• ALL PROJECTS OVER MAJOR CAP ($929K) MUST ENROLL
  • IF UTILIZING STATE FUNDS
  • ON OR OFF CAMPUS PROPERTY
• PROVIDES PROPERTY DAMAGE COVERAGE DURING THE COURSE OF CONSTRUCTION

• PROVIDES CONTROL OF REPAIR WORK SHOULD PROPERTY DAMAGE INCIDENT OCCUR DURING THE COURSE OF CONSTRUCTION
WHAT’S THE LATEST?

OCIP 3

• 5 YEAR CONTRACT ENDING ON 12/31/2027
• $1.5B IN CONSTRUCTION
• COST IS 2.4% OF CV
• INCREASED CONSTRUCTION SAFETY

BRIP

• CURRENT CONTRACT EXPIRES ON 6/30/2023
• OUT FOR PROCUREMENT
• BIG COST CHANGES IN CURRENT ENVIRONMENT
• MOST PROJECTS ENROLLED UNDER MASTER AGREEMENT
2023 UPDATED ELEMENTS

**OCIP 3**
- CONTRACTOR EMR 1.0; SUBCONTRACTOR EMR REMAINS AT 1.25
- UPDATED PROCUREMENT DOCUMENTS
- GL CLAIM DEDUCTIBLES:
  - UPDATED VALUES
  - SLIDING SCALE BASED ON CV
- E&O DEDUCTIBLES:
  - UPDATED AMOUNTS
  - SLIDING SCALE BASED ON CV

**BRIP**
- TAKING “REFER” PROJECTS TO MARKET
- CGCs SPELL OUT ROLES & RESPONSIBILITIES AFTER AN INCIDENT
  - NEW – CONTRACTOR TRIAGE
  - REMODEL – CAMPUS TRIAGE
- UPDATED BRIP DEDUCTIBLES:
  - $250K FLOOD DAMAGE
  - NOT LESS THAN $100K, OR MORE THAN $250K WATER DAMAGE

ALL DEDUCTIBLES **DOUBLE** IF THERE IS A REPEAT EVENT!
CONSTRUCTION SAFETY

CONSTRUCTION SAFETY PRACTICES FOR ALL CSU CONSTRUCTION PROJECTS
Game Plan!

**Project Development**

**Design**
*Who are we building for?*

**Engineering/PM's**
*Hierarchy of Controls*

**Procurement**
*Defined Process*

**Construction**
*Schedules, GC's, trade partners*

**Active facility**
*Staff, students, public*
Safety by Design

The process of managing health and safety risks throughout the lifecycle of structures, plants, substance or other products. Designers are in a strong position to make work safe from the start of conceptual process.

Benefits:
• Identify risk prior to build
• Eliminate re-work
  • Saves owner money
• Eliminates incidents
• Eliminates project delays
• Internal team risk reduction
• Staff, students & public
Loss Control Team

• Project Kick-off
  • Construction Safety Manual
• Insurance LC team merged with project team
  • Site assessments
  • Training – Project & CSU
  • Safety Committee Meetings
• Incidents
  • Serious
  • CAT-F
  • Unknown type

Projects Are SAFE
Enter
Construction Observation
01/2022 to 04/2023

CLASSIFICATION OF OBSERVATION
- Positive Observation: 28%
- Area for Improvement: 72%

Category of Observation:
- Fall Protection
- Traffic Control - Vehicular/Pedestrian
- Impalement Hazard
- Ladders
- Access and Egress
- PPE
- Hot Work/Welding
- Excavations (Protective Systems)
- Fire Protection
- Heavy Construction Equipment
- HazCom
- Electrical Safety - Low Voltage <600V
- Forklifts/Elevating Platforms/Aerial Devices
- Scaffolding
- Housekeeping
- Floor Holes
- Tools and Equipment
- Comp. Gases/Flammables/Combustibles
- Respiratory Protection/Use/Storage
- Health Hazards
- Training
Be Prepared

WHEREVER YOU WORK; WHATEVER YOUR JOB...

USE THE RIGHT PERSONAL PROTECTIVE EQUIPMENT!
Project Success

- One Team – Alliant, CO & CSU
- Communication
- Participation
- Actions
CONSTRUCTION CLAIMS

CONSTRUCTION CLAIMS PROCESS FOR CSU MAJOR CAP CONSTRUCTION PROJECTS
CONSTRUCTION CLAIMS

BRIP & OCIP

- Coverage distinctions between programs
- Triggering events
- Protecting existing property on remodel sites
  - BRIP
  - Property Insurance Program
STEPS TO MANAGE AN INSURANCE CLAIM

• Identification of cause of loss and resultant damages
• What is covered and what is not
  • OCIP, BRIP, Property or combination
• Early engagement of necessary resources
  • Internal
  • Insurer
  • Outside expertise needed
• Repair scope and ROM
• Support documents and advance payments
• Claim resolution
CSU CLAIM TEAM

- Campus risk management
- Campus facilities project management
- Campus financing/accounting
  - External forensic accounting/claim preparation vendor
- Alliant
- CO/CPDC support
INSURANCE CARRIER CLAIMS TEAM

- Carrier Representative
- Field Adjuster
- Construction Consultants
- Forensic Accountants
LESSONS LEARNED

• Documentation is key
  • Start early and stay on top of it

• Ensure a good document trail in case of personnel changes prior to finalizing claim

• Engage forensic accountants early in complex claims
  • Particularly those with income loss component and/or complicated put back work

• Maintain cooperative partnership with general contractor
  • Assist, or lead, claim document preparation activity to expedite loss adjustment and maximize recovery
QUESTIONS?

SHARE YOUR QUESTIONS REGARDING ANYTHING FROM THE PRESENTATION.