



**Fitting The Pieces  
Together Conference**

# **Construction Insurance Safety and Claims Issues**

THE IMPORTANCE OF SAFETY AND RISK  
MANAGEMENT IN CSU CONSTRUCTION PROJECTS



# PRESENTERS:



**EDWARD  
VILLANUEVA**  
*CPDC, Program  
Manager*



**ELI  
MENDOZA**  
*Safety Director,  
Construction Services*



**Mike  
Morgan**  
*Manager, Risk &  
Administrative Services*

# AGENDA

## 1 CONSTRUCTION INSURANCE

- *What does the CSU have in place?*
- *What does this mean to me?*

## 2 CONSTRUCTION SAFETY

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

## 3 RISK MANAGEMENT & CLAIMS

- *What are triggering events?*
- *Managing a claim with your team.*
- *Lessons learned.*



# CONSTRUCTION INSURANCE OVERVIEW

INSURANCE COVERAGE FOR CSU  
CONSTRUCTION PROJECTS

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# 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?

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# 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

1

## PROFESSIONAL SERVICES

*Architects, surveyors, engineers, and soil testing engineers, & their consultants*

2

## DESTRUCTIVE SERVICES

*Hazardous material remediation;  
Heavy demolition*

3

## 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*

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# **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

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## 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

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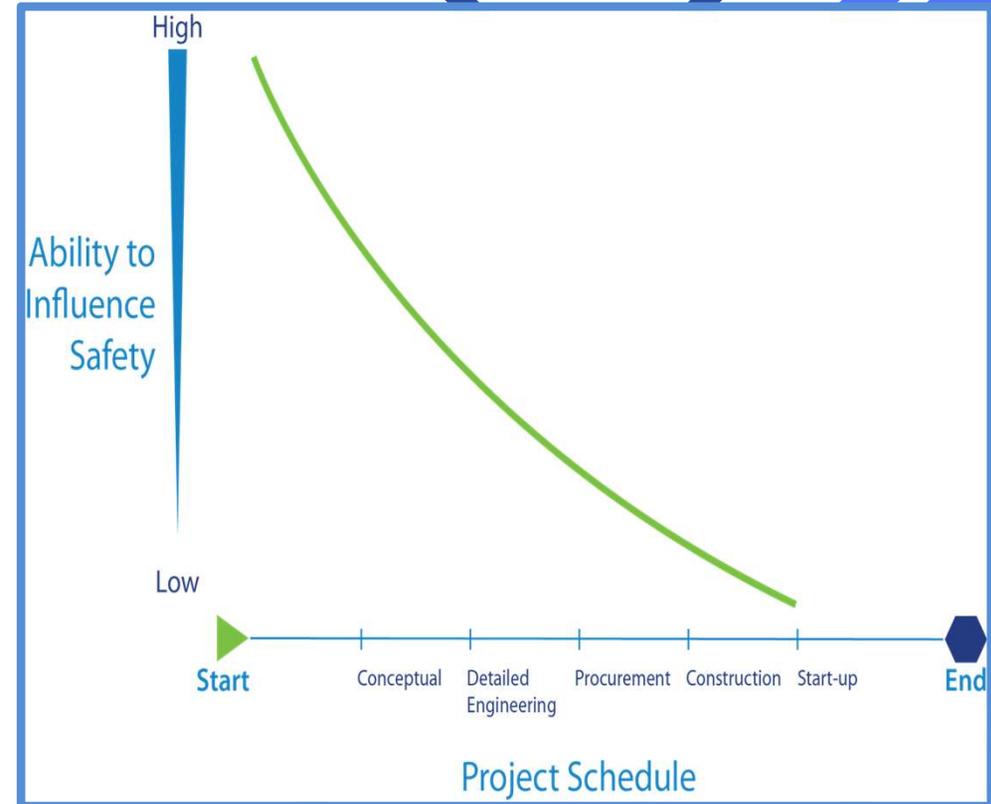
# Safety by Design

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

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# Loss Control Team

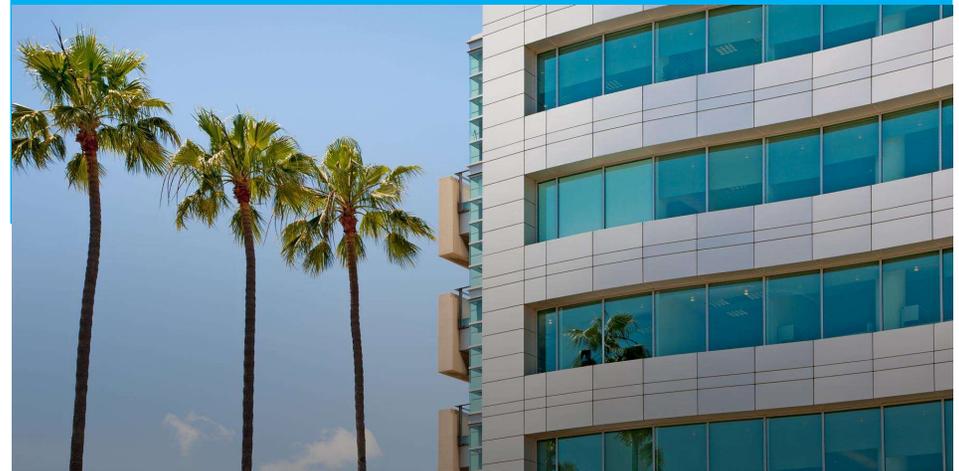
- Project Kick-off
  - Construction Safety Manual
- Insurance LC team merged with project team
  - Site assessments
  - Training – Project & CSU
  - Safety Committee Meetings
- Incidents
  - Serious
  - CAT-F
  - Unknown type

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**CSU**

**The California  
State University**

**Projects  
Are SAFE  
Enter**

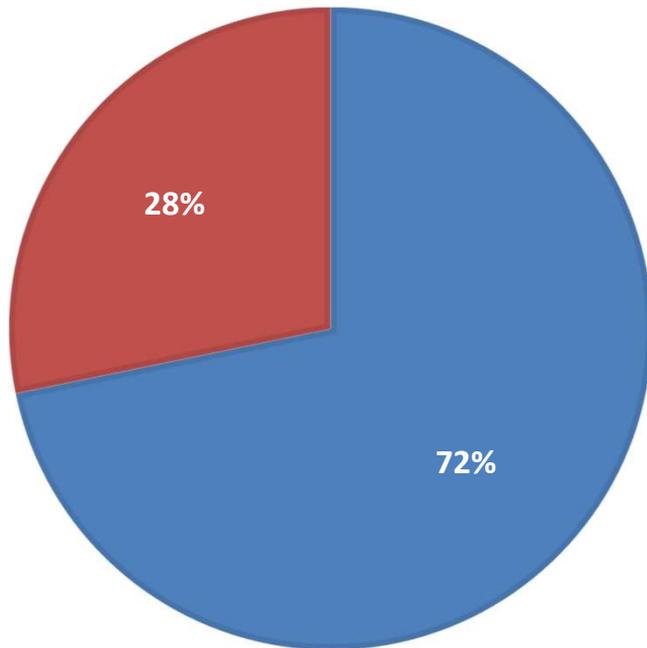


# Construction Observation

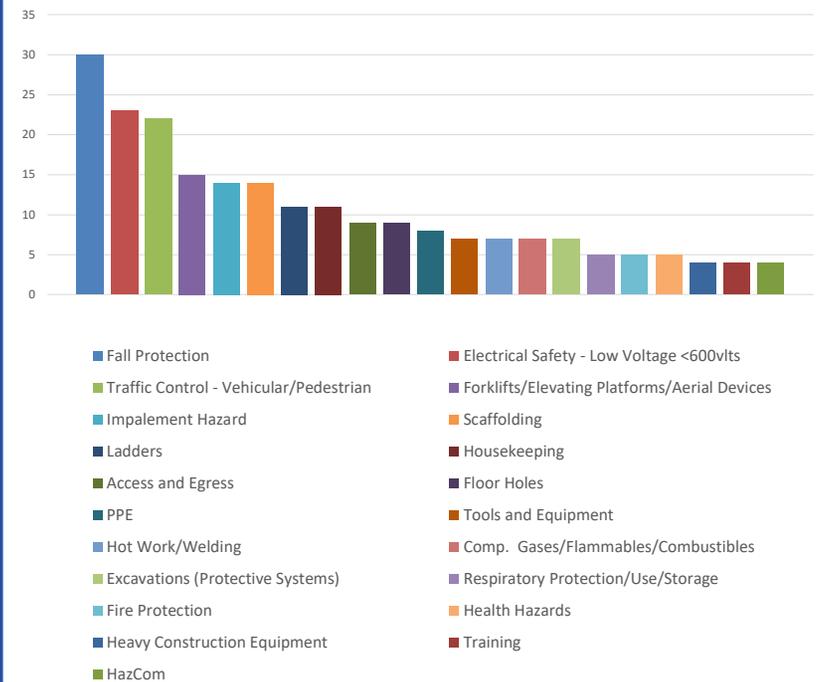
## 01/2022 to 04/2023

CLASSIFICATION OF OBSERVATION

■ Positive Observation ■ Area for Improvement



Category of Observation



# Be Prepared



**WHEREVER YOU WORK;  
WHATEVER YOUR JOB...**



**USE THE RIGHT PERSONAL  
PROTECTIVE EQUIPMENT!**



**SEE • SAY • DO**

**SOMETHING**

## **Project Success**

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

# CONSTRUCTION CLAIMS

CONSTRUCTION CLAIMS PROCESS  
FOR CSU MAJOR CAP  
CONSTRUCTION PROJECTS

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# **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

# CONSTRUCTION CLAIMS TEAMS

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# CSU CLAIM TEAM

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

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# **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

