



Owner Controlled Insurance Program (OCIP) Administrator Services

Committee-of-the-Whole
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Risk Management



What is an Owner Controlled Insurance Program?

An insurance program put in place by a project owner to provide insurance necessary to protect owner, eligible contractors, and subcontractors on a major construction project.

- **Coverage provided by DART OCIP include:**
 - Workers' Compensation and Employer's Liability
 - General and Excess Liability
 - Builders' Risk
 - Railroad Protective Liability
 - Pollution Liability

OCIP Program Benefits

- Higher coverage limits than contractors and subcontractors can provide
- Policies dedicated 100% to the project
- Ten years completed operations coverage
- Enhanced D/M/WBE participation
- Consistent safety program
- Improved claims handling and loss control

Consistent Safety Program

- Exceeds OSHA standards
- DART approves and establishes qualifications for prime contractor's safety representative and safety program
- Dedicated construction safety staff:
 - DART Project Management
 - OCIP Administrator Safety Specialist
 - Insurance Company Loss Prevention Specialist

Increased Claims Management Control

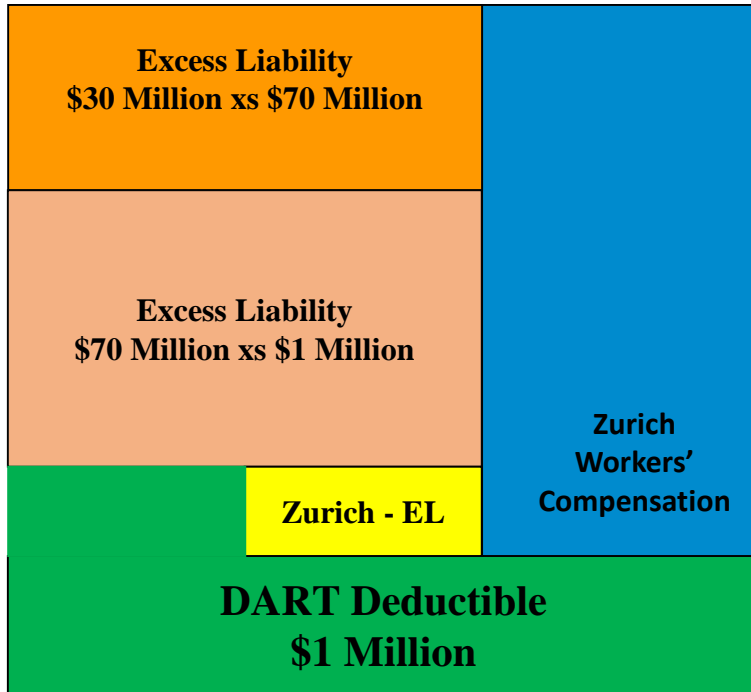
- Prime Contractors retain the same immunity and tort protection afforded to DART
- Reduced litigation between Contractors, Subcontractors, and their respective insurance carriers
- Claims are streamlined with one point of contact and consistency in claims handling

Increased Claims Management Control (Cont.)

- Owner retains significant control over direction and cost of litigation
 - Joint Defense Agreements
 - Shared Experts
 - Elimination of redundant expenses
 - Fees and costs are shared equally

Higher Program Limits

Phase I Build-Out (1998 – 2004)

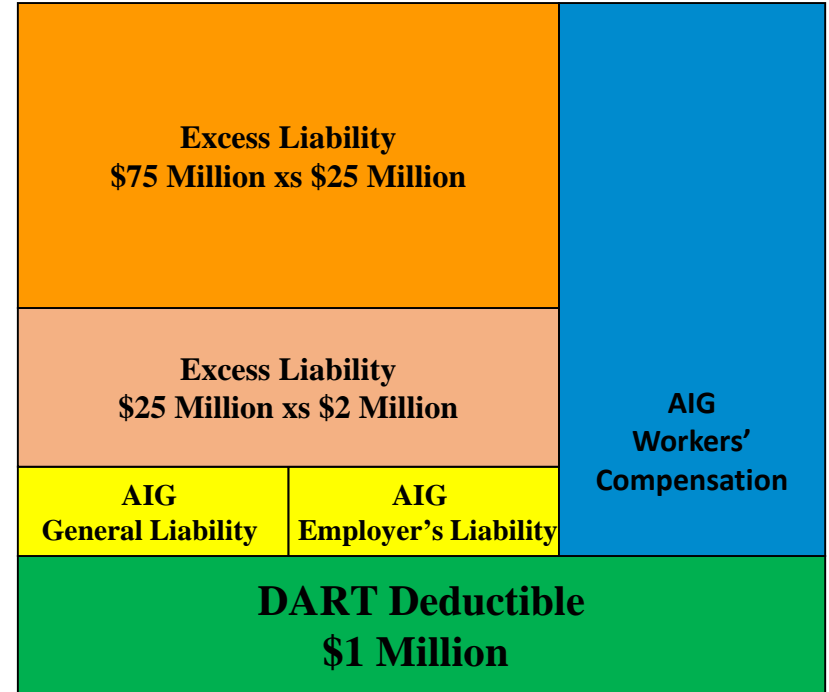


General & Excess
Liability

Employer's
Liability

Workers'
Compensation

Phase II Build-Out (2006 – 2014)



General & Excess
Liability

Employer's
Liability

Workers'
Compensation

Reduced Program Cost

Build-Out Phase I - \$473 Million (Construction Cost)

Conventional Cost	\$15,160,757
OCIP Cost	<u>(11,567,794)</u>
Cost Savings	\$ 3,592,963

Build-Out Phase II - \$2 Billion (Construction Cost) – 923 Contractors Enrolled

Conventional Cost	\$43,243,911
OCIP Cost	<u>(28,060,717)</u>
Cost Savings	\$15,183,194

Estimated Program Savings

- Platform Extensions \$1.2M - \$1.5M
- Cotton Belt Project \$5.0M – \$6.5M
- 2nd CBD Rail Alignment \$3.0M - \$4.2M

OCIP Administrator Services

- Design and market the insurance program
- Write and distribute OCIP manual
- Produce training video
- Pre-construction surveys – properties within 75 feet of rail tracks

OCIP Administrator Services (Cont.)

9,000 Estimated workers

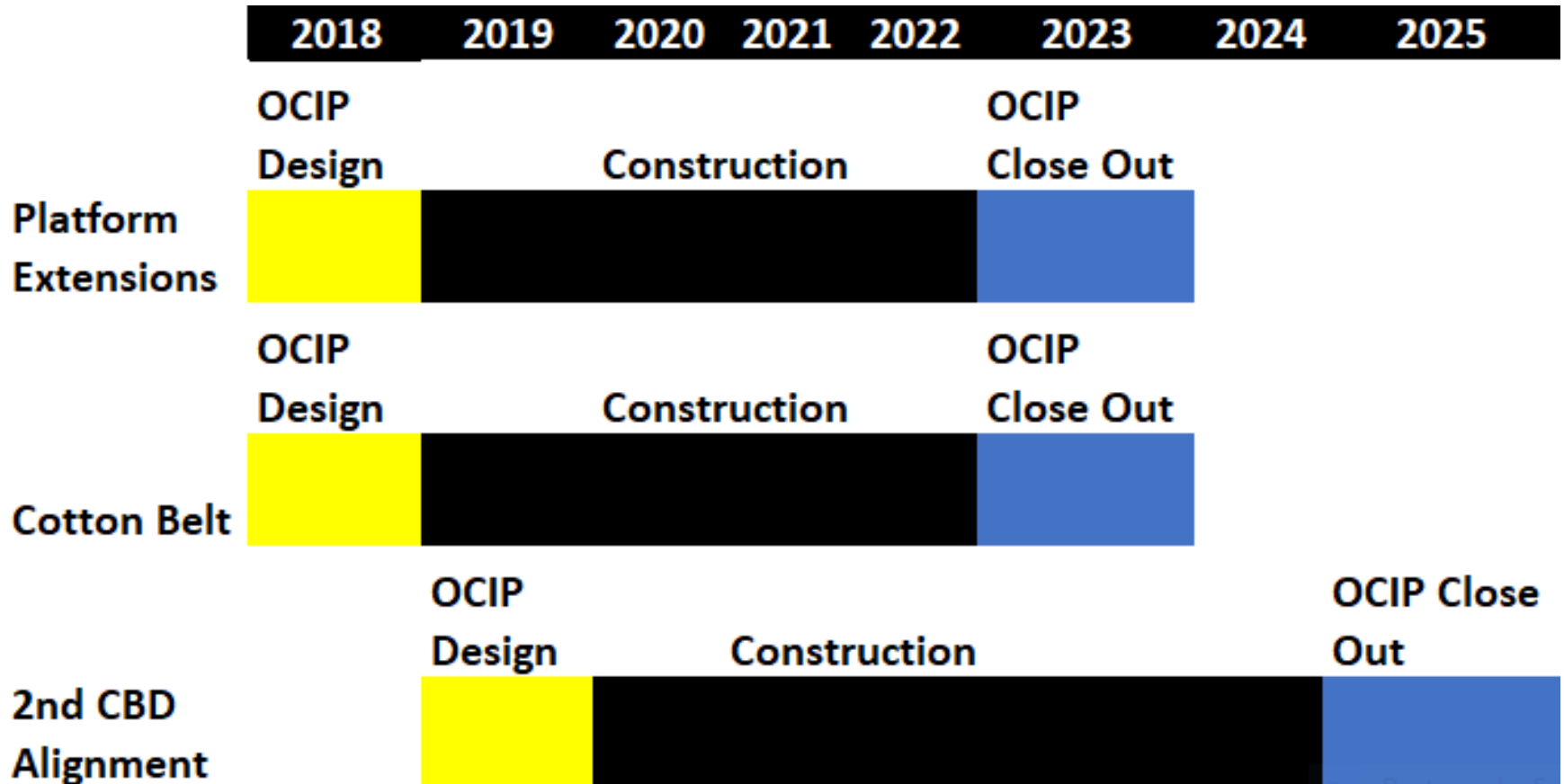
250 Estimated contractors

- Contractor enrollments and cancellations
- Safety Orientation – English/Spanish
- Background checks
- Drug testing
- Site badge issuance and recovery

OCIP Administrator Services (Cont.)

- Claims reporting and oversight
- Onsite loss control audits
- Monthly claims and safety statistics
- Monthly program status reporting
- Safety recognition and award program

Seven Year Base with Three, One-Year Option Contract



Ten Years Contract Pricing

Design, Marketing, Administration & On-Site Staff	\$5,598,348
Pre-construction Surveys	\$850,000
Background Screening, Drug Testing, Badging	\$500,000
Safety Supplies & Services	\$500,000
Program Marketing and Underwriting Updates	\$80,000
Total Cost	\$7,528,348

D/M/WBE Subcontractor Participation

• Safety & Loss Control	\$1,753,608
• Adm.- Enrollments	<u>\$ 960,000</u>
• Total DMWBE Participation **	\$2,713,606

- ** 36% of Contract Award

Next Steps

- Approval of Owner Controlled Insurance Broker contract
- Summer 2018 – Broker designs, markets the program and makes recommendation to DART.
- Late 2018 Recommendation to Board to approve an Owners' Controlled Insurance Program

Recommendation

Approval of a resolution authorizing the President/Executive Director or his designee to award a seven-year contract with three, one-year options for Owner Controlled Insurance Program Administrator Services to Willis of Texas Inc. in an amount not to exceed \$7,528,348