



FILED  
OFFICE OF THE CITY CLERK  
OAKLAND

2013 MAY -9 AM 10: 24

# AGENDA REPORT

TO: DEANNA J. SANTANA  
CITY ADMINISTRATOR

FROM: Jim Reese  
Interim Director, HR/IT

SUBJECT: Supplemental Report – Rolling Owner Controlled Insurance Programs  
DATE: May 7, 2013

City Administrator  
Approval

Date 5/7/13

COUNCIL DISTRICT: CED

## RECOMMENDATION

Staff recommends that the committee accept this supplemental report regarding the implementation of a Rolling Owner Controlled Insurance Program.

## REASON FOR SUPPLEMENTAL REPORT

At the April 23, 2013 Community and Economic Development Committee Meeting, staff was directed to return to committee with information regarding the issuance of a Request for Proposal for Rolling Owner Controlled Insurance Program (ROCIP) Brokerage and Administration Services. This report responds to that instruction and confirms that staff has issued a RFP for said services. The RFP was issued on May 4, 2013 and a total of eighteen insurance brokerage firms were notified of the requested services. Included in the invited vendors were 4 local insurance brokerage firms. The tentative schedule set forth in the RFP is as follows:

- Distribution of RFP 12:00 PM, May 4, 2013
- Pre-proposal Meeting 10:00 AM, May 14, 2013
- Submission of RFP 2:00 PM, May 28, 2013
- Evaluation of Rankings May 29, 2013
- Notification of Interviews May 29, 2013
- Interviews May 31, 2013
- Contract Negotiations June 3, 2013
- Contract Documentation Distribution June 5, 2013
- Contract Award June 26, 2013

The following key services were requested as a part of the request for proposal:

**A.1 Develop conceptual OCIP feasibility/design:**

Item: \_\_\_\_\_  
CED Committee  
May 14, 2013

The following key services were requested as a part of the request for proposal:

<b>A.1</b>	<b>Develop conceptual OCIP feasibility/design</b>
<b>A.2</b>	<b>Develop OCIP Implementation Plan</b>
<b>A.3a</b>	<b>ROCIP Implementation</b>
<b>A.3b</b>	<b>ROCIP Insurance Brokerage Svcs</b>
<b>A.4</b>	<b>ROCIP Program Administration</b>
<b>A.5a</b>	<b>Risk Control</b>
<b>A.5b</b>	<b>Claims Services</b>
<b>A.5c</b>	<b>Safety &amp; Loss Control Svcs</b>

Upon conclusion of the RFP process, staff will present recommendations to Council for the final award of the contract for these services.

In anticipation of the discussions regarding this matter at upcoming Committee and Council meetings, staff has prepared a series of attachments to further explain the purpose, benefits and implementation process of a ROCIP.

For questions regarding this report, please contact Deborah Grant, Risk Manager, at (510) 238-7165

Respectfully submitted,

  
Jim Reese  
Interim Director, HR/IT

Prepared by:  
Deborah Grant, Risk Manager  
DHRM – Risk & Benefits Unit

Attachment A – OCIP vs. Insurance Comparison  
Attachment B – Typical OCIP Responsibilities Matrix  
Attachment C – OCIP Overview (slide presentation)

Item: \_\_\_\_\_  
CED Committee  
May 14, 2013

**Attachment A**  
**OCIP vs. Insurance Comparison**

	<b><u>TYPICAL OCIP</u></b>	<b><u>TRADITIONAL INSURANCE</u></b>
<b>LIMITS OF INSURANCE</b>	Program limits apply/cover all enrolled parties. Program offers high limits per occurrence.	Each contractor provides their own limits to cover their own claims.
<b>OVERALL PROTECTION</b>	Owner buys the on-site coverage assuring their interests are covered. Broad insurance coverage for all construction activities.	Owner received a certificate of insurance from every contractor and must trust the contractor's coverage is valid.
<b>SAFETY PROGRAM</b>	One unified program used by all enrolled contractors, meeting the Owner's requirements.	Each contractor will have their own program meeting their own requirements.
<b>SOLVENCY/ STABILITY</b>	Owner knows 100% that coverage exists if any contractor or subcontractor becomes insolvent.	Contractor or subcontractors that become insolvent affect coverage availability.
<b>LITIGATION</b>	One insurance carrier is providing the coverage for all enrolled contractors, eliminating disputes between parties.	Each contractor has their own insurance carrier and must be found liable before the claim is paid. Increase litigation occurs when multiple contractors are involved.
<b>INSURANCE COVERAGE</b>	Broad insurance coverage for all construction activities (includes owner, general contractor, and all enrolled subcontractors).	Each contractor has their own insurance coverage which many have exclusions or limited coverages.
<b>COST BENEFIT</b>	Alternative risk approach which can lower the total insurance cost.	Fixed Cost/Guaranteed Cost

**ATTACHMENT B**  
**Typical OCIP Responsibilities Matrix**

1		Project Inception		City	Broker/ Administrator	Contractors	Carrier
a	Approval from City to Proceed with OCIP			X			
b	OCIP Prequalified (size, state regs, construction type)				X		
	Initiate initial Project Team / Broker/Admin team						
c	meeting				X		
d	Perform Risk Exposure Analysis and Prepare initial Pro-Forma				X		
e	Collect/Provide Underwriting data for Presentation to Marketplace - Broker/Admin Lead			X	X		
f	Assemble and Review OCIP Contract language and template OCIP Manual.				X		
g	Develop Project specific OCIP manual				X		
h	Integrate Project OCIP manual into bid documents			X			
i	Coverage Summary and revised Pro-Forma with Executive Summary				X		
j	Approve OCIP Coverage & Provide Bind Order			X			
k	Project set-up in OCIP MIS , access granted to Project team Personnel				X		
l	Set up location coding with Carrier				X		
m	Set-up Reports in OCIP MIS				X		
n	Distribute OCIP MIS Username and Passwords				X		
o	Provide OCIP MIS Training as Needed				X		
2		Bid Process		City	Broker/ Administrator	Contractors	Carrier
a	Contractors' bid with Insurance Cost Worksheet and rate Pages					X	
b	Forward Insurance Cost Worksheet (with Rate Pages) to Broker/Admin				X	X	
c	Review and confirm acceptability of contractor insurance credit; or revise insurance credit				X		
d	Recommendation on insurance credit to City if revision is required				X		

Item: \_\_\_\_\_  
 CED Committee  
 May 14, 2013

		Broker/ City Administrator Contractors Carrier			
<b>3</b>	<b>Contract Enrollment</b>				
a	Notice of Contract Award Information entered into OCIP MIS . OCIP MIS ID and Password emailed to Contractor.		X		
b	Option 1: Contractor Submits Enrollment form online, and uploads COI into OCIP MIS system.				X
c	Option 2: Contractor completes Enrollment form and submits the form and the off-site certificate of insurance via fax or email to Broker/Admin service center.				X
d	Broker/Admin follows the Three Strikes process with contractors to obtain correct and complete enrollment information. After 3 attempts, notice is given to General Contractor regarding failed contractor compliance.		X		
e	Broker/Admin notifies Carrier of new enrollments.		X		
f	Carrier issues policy & advises Broker/Admin of new policy number				X
g	Broker/Admin sends welcome letter including COI to contractor.		X		
h	Broker/Admin Produces enrollment status & activity reports and contract lists with Policy numbers		X		
		Broker/ City Administrator Contractors Carrier			
<b>4</b>	<b>Certificates of Insurance - Offsite and Excluded</b>				
a	Prime Tier contractors submit offsite COI to Broker/Admin				X
b	Broker/Admin follows Three Strike Process regarding non-receipt/non-compliance of certificates		X		
c	Broker/Admin notifies upper tier contractors of lower tier subcontractors of non-compliance/non-receipt of certificates		X		
d	Broker/Admin Produces COI status & activity reports		X		
e	Broker/Admin requests a renewal Certificate of Insurance 30 days Prior to the expiration of the current Certificate of Insurance for all "live" contracts		X		

5				
Payroll	City	Broker/ Administrator	Contractors	Carrier
a Contractors submit monthly Payroll reports to Broker/Admin by the 10th of the following month via website.			X	
b Broker/Admin will follow up with delinquent contracts once on the 13th of the month		X		
c Monthly reported Payroll from OCIP MIS is sent to Carrier		X		
d Broker/Admin Produces a monthly Payroll report and reviews amounts for anomalies.		X		
6				
Loss Control	City	Broker/ Administrator	Contractors	Carrier
a Broker/Admin makes recommendations on frequency of site visits by Broker/Admin's loss control Personnel to based on risk evaluation.		X		
b City Approves Broker/Admin's safety recommendation.	X			
c Broker/Admin Performs Pre-construction survey, if required		X		
d Broker/Admin reviews established City safety Program and makes recommendations where necessary		X		
e Depending on Broker/Admin's Loss Control involvement, Broker/Admin Loss Control Staff may Provide: written (monthly) reports, tool box talks, other safety training, monitor Performance of City/Carrier Loss Control staff		X		
f Carrier visits to Project site coordinated by and escorted by Broker/Admin/City loss control Personnel				X
7				
Claims	City	Broker/ Administrator	Contractors	Carrier
a Injured worker advises employer of injury. Employer completes Accident Form			X	
b Broker/Admin/Safety Personnel notifies Carrier		X		
c Carrier completed & files state required forms				X

d	On-going Claim Monitoring		X		X
	Quarterly claims reviews with City, Broker/Admin and				
e	Carrier - Broker/Admin Lead	X	X		X
f	Litigation Management		X		X

8 Contract Close Out					
		City	Broker/ Administrator	Contractors	Carrier

a	Determine appropriate date Contractors need to be closed out			X	
	30 Days Prior to Contractor estimated completion date, Broker/Admin will send notification to change date, or complete termination information online		X		
b	Contractor submits close-out information online, or via Completion form			X	
c	Produce contractor close out report from OCIP MIS		X		
d	Review Report - collect/finalize delinquencies		X	X	
e	Finalize Final contractor insurance credit and notify the City and appropriate contractor(s)		X	X	
f	Broker/Admin will obtain final contract value and confirm final payroll information		X		
g	Broker/Admin will calculate final insurance costs for project and submit to City		X		
h					

9 Job Close Out					
		City	Broker/ Administrator	Contractors	Carrier

a	City notifies Broker/Admin of Project Completion	X			
b	Produce Close Out report for Project		X		
c	Send Project Termination Letter to all enrolled Contractors		X		
d	Issue Final Broker/Admin Wrap Project Reports after project termination date		X		
e	Collect on-site Certificates for any Contractors on-site after termination date		X		
f	Release retention after all OCIP items completed and Contractor Punch list done	X			

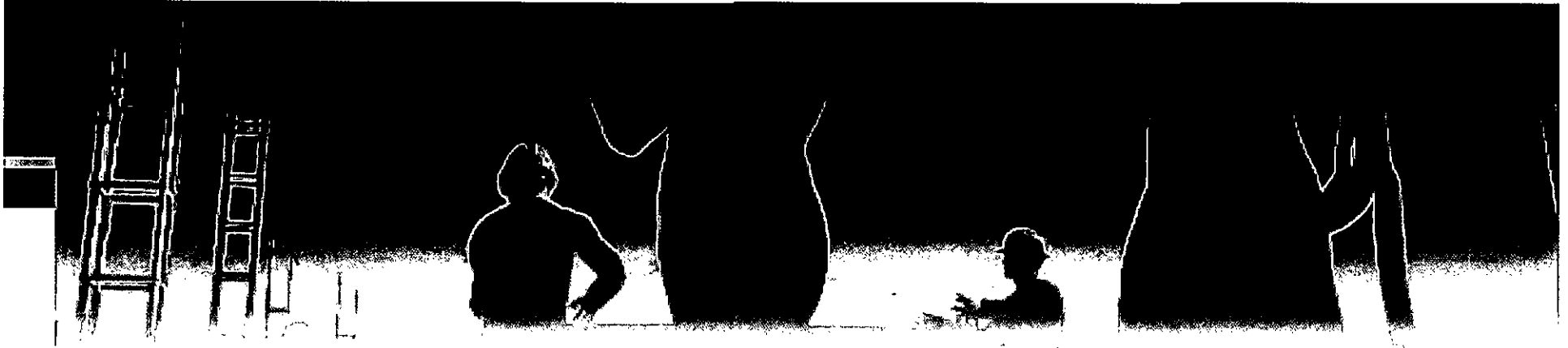
10 Audits					
		City	Broker/ Administrator	Contractors	Carrier

a	OCIP Financial Audit - Complete Audit Spreadsheet and Provide recommendations regarding "True Up"	X		
b	Carrier Audits - Interim and at Project expiration.			X
	Carrier Audits - Reconcile Audited Payroll to Reported Payroll - and finalize any Audited Payroll/			
c	Actual Payroll with carrier	X		X

		City	Broker/ Administrator	Contractors	Carrier
11	<b>Meetings</b>				
a	Broker/Admin OCIP team to set up Orientation for new Project staff including OCIP MIS demonstration/training		X		
b	Broker/Admin OCIP team to Participate in Monthly Project City, Architect and Contractor (OAC) Meetings with City Project OCIP Staff to review any outstanding items and concerns. Meeting at the jobsite as often as is feasible	X	X		
d	City and Broker/Admin Executive OCIP team to meet annually to review state of OCIP, including financial status of OCIP	X	X		

		City	Broker/ Administrator	Contractors	Carrier
12	<b>Automated Reports</b>				
a	Contractor Enrollment Status Report distributed Daily to City and General Contractor		X		
b	COI Status and Activity report distributed to City and General Contractor		X		
c	Contractor Insurance Cost Analysis distributed to City and General Contractor		X		
d	Payroll Status Report distributed to City and General Contractor		X		
e	Subcontract Status Report distributed to City and General Contractor		X		





# Attachment C

## OCIP Overview

---

OCIP OVERVIEW

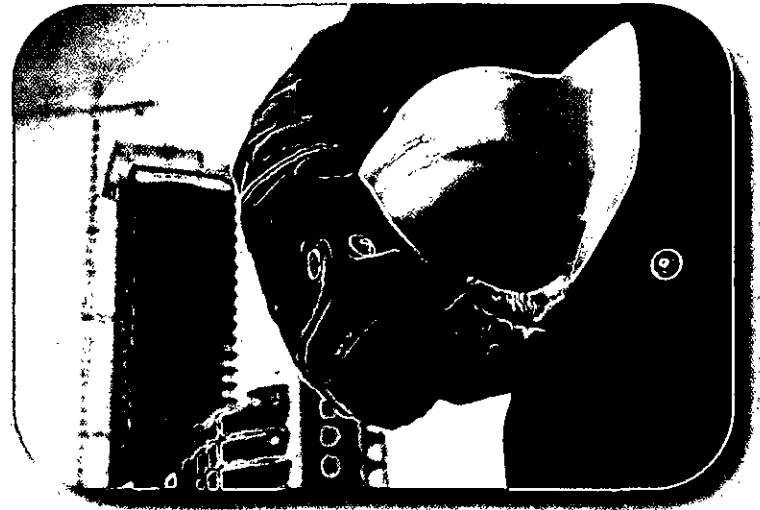
# What is an OCIP?

---

- Owner Controlled Insurance Programs (OCIP), also known as “wrap-ups” are widely used on public and private sector construction projects and capital improvement programs
- Through an OCIP, the owner of a construction project provides general liability insurance and workers compensation for all involved parties from the owner/developer to the general contractor and all subcontractors and sub-tier subcontractors for the project's duration.
- OCIPs can be utilized on a single project with a construction value of \$100M+ or on multiple smaller projects that are combined into a “Rolling” OCIP Program
- They offer cost savings, better coverage, more control, and higher limits of insurance than a traditional insurance program.

# Why Choose an OCIP?

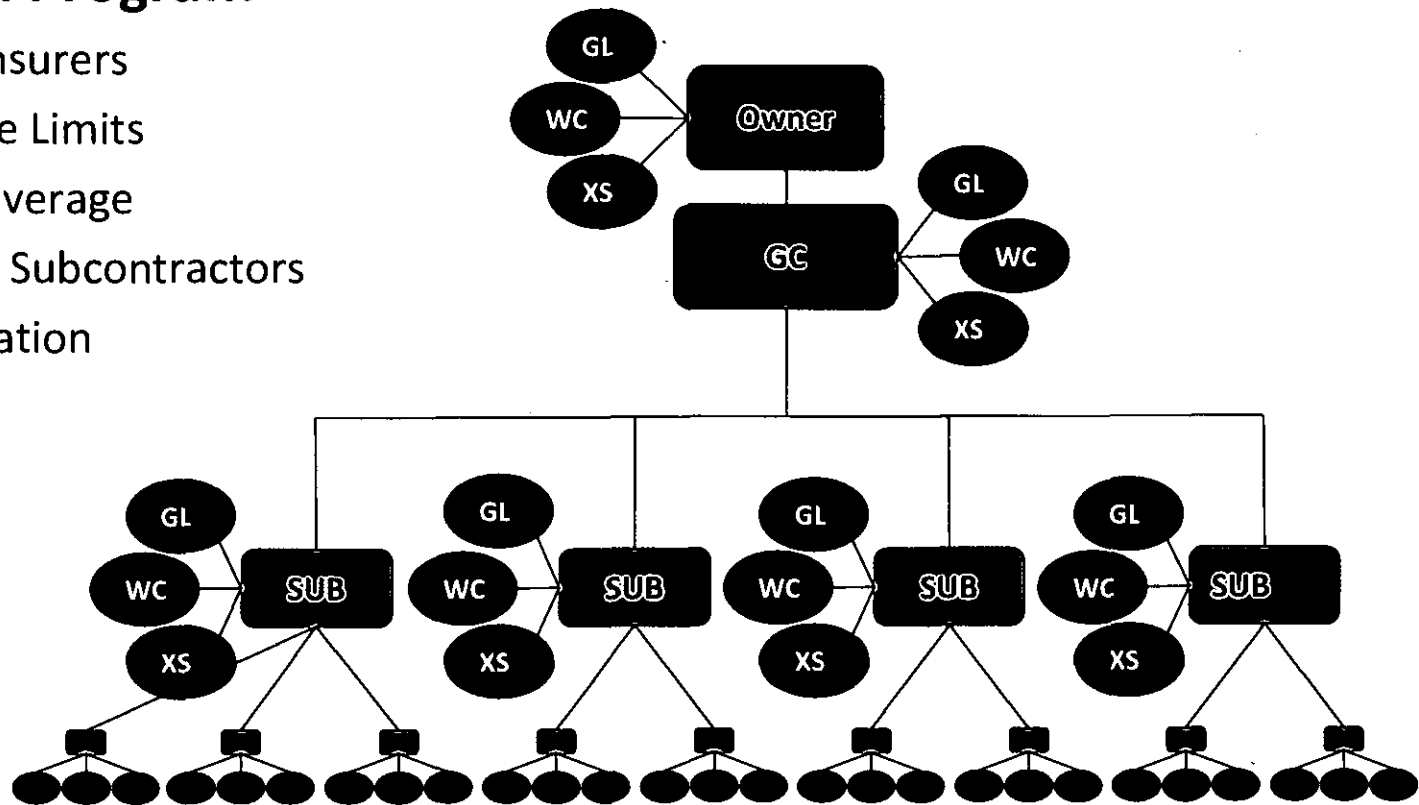
- Lower Insurance Costs
- Coverage
- Improve Site Safety
- Litigation Management
- Attract Variety of Contractors



# What is an OCIP?

## Traditional Program

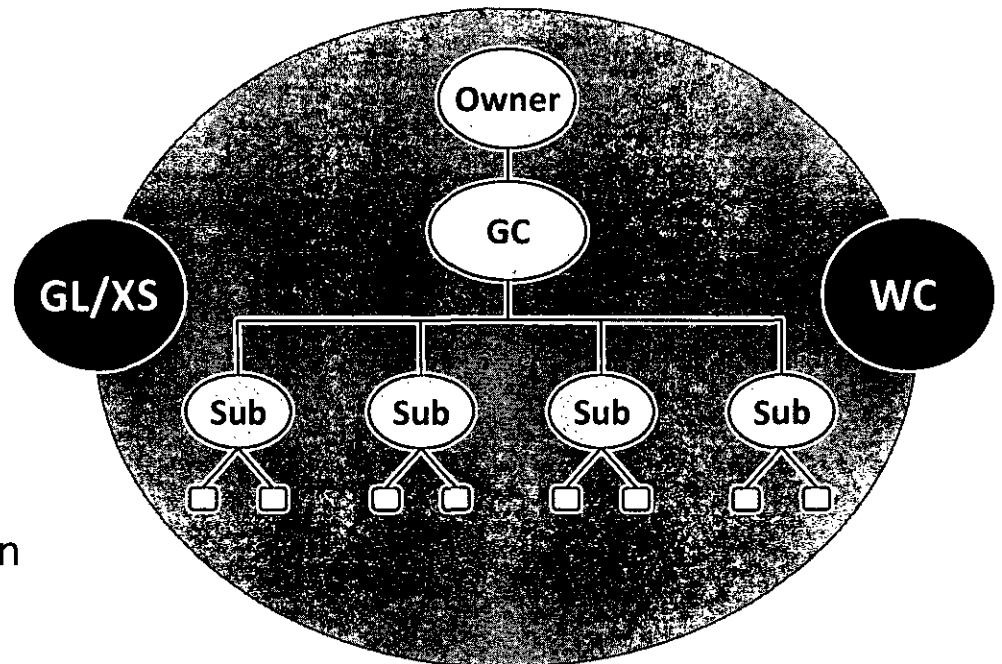
- Multiple Insurers
- Inadequate Limits
- Gaps in Coverage
- Uninsured Subcontractors
- Cross Litigation



# What is an OCIP?

## Simplicity !!

- 2 to 3 Insurers
- Control of insurance
- Potential Cost Reduction
- Elimination of Redundant costs and contractor mark-up
- Adequate Limits
- Consistent Coverage
- Coordinated Claims and Loss Control
- Minimize Cross Litigation/ Subrogation
- Public Relations



# Typical Insurance Coverages

---

## **Standard Coverages**

Excess Liability

\$25M - \$100M+ Limits

General Liability

\$2 Million Combined Single Limit

\$4 Million General Aggregate

\$4 Million Products/Completed Ops Agg

\$2 Million Personal/ Advertising Injury

Workers' Compensation

Statutory

Employer's Liability

\$1 Million

## **Common Optional Coverages**

*(based on project exposures)*

Builder's Risk *(Existing under  
property policy)*

Project Professional Liability

Owner's Protective Professional  
Indemnity (OPPI)

Contractors Pollution Liability

Pollution Legal Liability

Railroad Protective Liability

Marine Liability

Etc.

# Administration – Who is Enrolled?

## Enrolled Parties

- Project/Prime Contractor
- Eligible Prime Subs
- All Tiers of Subcontractors Except Excluded
- Other Parties Enrolled at City's Discretion

## Typically Excluded Parties

- Demolition
- Hazardous Materials Contractors/Transporters
- Architects, Surveyors, Engineers
- Vendors, Suppliers, Fabricators, Material Haulers, Truckers
- Subcontractors Not Performing any Actual Labor on the Site



# Administration Services

---

- Project Feasibility Study
- Contract Language
- Subcontractor Education
- Contractor Insurance Cost
- Contractor Enrollment
- Certificate of Insurance Tracking
- Monthly Reporting
- Contract / Project Close-Out





# Claims Management

---

- Claims advocacy
- Contract review
- Establishment of claims procedures & special handling guidelines
- Claims reviews / claims audits
- Coverage questions reviewed & resolved
- Coordination in production of claims kits / insurance manual
- Litigation management / Cost containment
- OCIP close out plan for open claims and reserves



# Loss Control

---

- Development of a site specific safety plan
- Subcontractor project-specific safety orientation
- Dedicated jobsite safety coordinator
- SIP and Pre-Task Program – contract documents
- Regular oversight and support from the Risk Management
- Weekly all hands tailgate meetings
- Active return to work program



# Request for Proposal

---

## RFP for Rolling Owner Controlled Insurance Program Brokerage & Administration Services

The City anticipates the tentative schedule of events to be as follows:

Distribution of RFP	12:00 PM, May 4, 2013
Pre-proposal Meeting	10:00 AM, May 15, 2013
Submission of RFP	2:00 PM, May 28, 2013
Evaluation of Rankings	May 29, 2013
Notification of Interviews	May 29, 2013
Interviews	May 31, 2013
Contract Negotiations	June 3, 2013
Contract Documentation Distribution	June 5, 2013
Contract Award	June 26, 2013
Dates	



# Request for Proposal

---

## Key ROCIP Components:

- A.1 Develop conceptual ROCIP feasibility/design:
- A.2 Develop ROCIP Implementation Plan:
- A.3a ROCIP Implementation:
- A.3b ROCIP Insurance Brokerage/Marketing Svcs
- A.4 ROCIP Program Administration:
- A.5a Risk Control
- A.5b Claims Services:
- A.5c Safety & Loss Control Svcs