

## Resolution Request Executive Summary

Traditionally on city construction projects, the City requires each individual contractor carry insurance covering their exposures at the worksite. Insurance requirements are then passed down to subcontractors. The result is numerous insurance policies all separately covering individual contractors. Costs would then be passed onto the City, with markup. In the construction insurance industry, it is more common with high dollar projects for the owner of the project to purchase a Rolling Owner Controlled Insurance Program (ROCIP), which is a program insuring all parties working on the construction job site. With a ROCIP, all enrolled parties are covered by one insurance program, ensuring best available terms/conditions and higher limits for the entire project instead of multiple small policies with varying terms/conditions held by individual parties. The proposed ROCIP would include Workers' Compensation (for all construction workers providing labor on the project), Commercial General Liability and Excess Liability, Contractors Pollution, and Builders Risk insurance. The City would be paying the cost of the insurance (thereby keeping insurance related costs down). The City and County of Denver has utilized ROCIP's for the National Western Center redevelopment as well as all projects at DEN since 2013.

Benefits of a ROCIP include:

### **Insurance Coverage Control**

- Higher limits than generally required (\$100M limit covering entire project vs. Contractors \$1M/\$2M)
- Consolidated claims management and legal defense– one policy eliminates finger pointing and determining responsible party, making the claims process quicker and less expensive

### **Small Business Involvement**

- MBE/WBE/DBE may not be able to afford insurance generally required. A ROCIP allows participation by more small construction businesses
- Owner purchased policy ensures all enrolled parties have guaranteed best terms/conditions and limits

### **Workplace Safety**

- Owner establishes and oversees safety standards
- With concern over enough skilled trades workers, aging workforce, and inexperienced workers, safety is key to a successful program

### **Potential Cost Savings**

- Stability of coverage – fixed price for 5+ years
- Economies of scale –discount for placing all risks under one program vs. multiple separate programs
- Eliminates duplicate coverage
- Eliminates contractor markup on insurance costs

Pricing is based on hard construction values, as well as estimated payroll.

### **Projects covered under this proposed ROCIP are those beginning 2021 and include:**

Colorado Convention Center Expansion Project  
16<sup>th</sup> Street Mall Renovation  
56<sup>th</sup> Avenue  
Police District 5 Replacement

Additional projects that begin in 2022 will be brought to City Council for approval separately.

<b>Coverage</b>	<b>Premium</b>
Workers' Compensation	\$605,634
General Liability and Excess	\$2,481,843
Contractors Pollution	\$68,228
Builders' Risk	\$518,150
Loss Fund	\$2,400,000
Broker Fee (includes program administration)	\$321,832
	<b>\$6,395,688</b>

Premiums will be paid through the City's ROCIP insurance broker, Arthur J. Gallagher