



COLORADO

Department of Transportation

Office of Policy and Government Relations

DATE: January 12, 2016

TO: Transportation Commission

FROM: Joshua Laipply, P.E. Chief Engineer

SUBJECT: Rolling Owner Controlled Insurance Program (ROCIP)

Purpose

Update the Commission on the Rolling Owner Controlled Insurance Program (ROCIP) Pilot Program for Design Bid design build and CMGC projects.

Action

Information purposes only.

Background

A ROCIP is consolidated insurance program owned by CDOT to provide consistent and cohesive insurance coverage, best practices in project health and safety, protection of the public. Historically, contractors provided and managed their own insurance for construction projects.

Details

The ROCIP Pilot Program inception was November 12, 2012 for design build or CMGC projects greater than \$20 million. In addition, all projects were enrolled within the first 3 years of the program and are scheduled to be completed in 5 years. The program was originally developed for \$425,000,000 in construction values. The lines of coverage (workers compensation, builder risks, commercial pollution, general liability, and excess) provided options for enrollment. The program included 13 projects totaling \$437,039,782 in construction values.

Key Benefits

Enhanced risk management to include oversight of health, safety and claims. High presence of safety for construction workers and the public. Increase positive public perception of CDOT projects and customer services to the citizens who may have had sustained a loss while traveling in one of the projects. Coordinated efforts with Public Relations. Increased outreach to DBE and ESB for education on health and safety along with insurance coverage.

Next Steps

- Proceed with the procurement of a new broker.
- Identify projects for the new ROCIP program.
- Work collaboratively with the contracting community to build the new ROCIP program.
- Identify opportunities to provide education along with outreach to DBE or ESB participation.
- Explore options for an innovative bonding program for Emerging Small Businesses.

Attachments

PowerPoint Presentation





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CDOT's Rolling Owner Controlled Insurance (ROCIP) Pilot Program

January 2016



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Rolling Owner Controlled Insurance Program (ROCIP)

❖ **Pilot**

A consolidated Insurance Program owned by CDOT, established to provide consistent and cohesive insurance coverage, best practices in project health and safety, protection of the public and CDOT's assets

❖ **Existing State**

Each contractor brings their own individual insurance coverage to a project



ROCIP Program Coverage

❖ **Workers' Compensation**

- Statutory Coverage and Employers Liability

❖ **Commercial General Liability (CGL)**

- Third Party Claims typically from the public

❖ **Excess Liability**

- Blanket coverage over the primary CGL

❖ **Builders Risk (Property)**

- Property coverage – Replacement Cost of the Work and Materials

❖ **Contractors Pollution Liability**

- Third Party Environmental coverage for the construction activities of project contractors



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CDOT Project Selection and Process for the ROCIP

- ❖ **Projects that were identified for the Pilot ROCIP were discussed with CDOT Executive Management**
 - CMGC and Design-Build Projects over \$20 million in Construction Values (CV) which will be started within 3 years and end within 5 years of program inception
- ❖ **Kickoff Meetings / Weekly Conference Calls were held with the Contractors and the Project Teams**
- ❖ **On-going Project Safety and Claims Reviews**



ROCIP Success Stories (Advantages)

❖ **Safety**

- CDOT / Contractor lines of communication are enhanced by participation in a shared risk program
- Workers are oriented to the project site and are more aware of site exposures to injury
- Additional Safety Resources for education are available to all tiers of contractors
- Lessons Learned are being shared across projects which are enrolled in the ROCIP
- Early identification of program improvements, **i.e. Maintenance of Road Conditions**

❖ **Claims**

- Trends are recognized earlier by CDOT and the Contractors
- Work place injuries are serviced through CDOT endorsed 3rd party medical providers

❖ **Customer Service**

- Traveling Public is better served:
 - ❑ **Greater attention to public exposures**
 - ❑ **Claims by the public are addressed more efficiently**
- Accountability – Integrity is a part of the communication brought by the ROCIP as CDOT includes feedback and consistent dialog with their Contractors
 - ❑ **Weekly conference calls, quarterly claim reviews and educational sessions**



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ROCIP Con's (Disadvantages)

- ❖ **Contractors believe ROCIP limits the competitive advantage in regard to their own management of insurance costs**
- ❖ **Difficult to identify insurance costs and actual bid savings**
- ❖ **Contractor losses the ability to direct Claim Strategies**
- ❖ **Safety resources and requirements fall to all levels of the contractors enrolled not just the individual contractor**



ROCIP Program Statistics 13 Projects \$437,039,782 in Construction Value

	<u>Projected By Industry</u>	<u>Current Status</u>	<u>Benefit to CDOT</u>
TOTAL BENEFIT of ROCIP PILOT			\$3,580,891
Savings in Insurance	\$1,569,500	\$3,416,672	\$1,847,172
Losses	\$2,879,321	\$1,145,602	\$1,733,719

Data valued as of October 31, 2015, final benefit to CDOT is anticipated to be higher



Next Steps

- ❖ **Request for Proposal (RFP) for Brokerage Services to implement a new ROCIP**
- ❖ **Identification of projects for enrollment, market and select insurance carriers for coverage**
- ❖ **Invite a representative from the contracting community to provide input in the program design**
- ❖ **Identification of educational tools and services needed for successful contractor participation**
- ❖ **Explore options for an innovative bond program for the ESB**