

RISK TRANSFER SEMINAR CAPITAL CONSTRUCTION INSURANCE SPECS CHANGE

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Today's Roadmap

- Exposures and Impact
- Insurance Spec Change
- Challenges
- Streamline Bidding Process



Exposures

- **Non-Licensed and Non-Admitted Carriers**
 - **Manuscript Policies**
 - **Classification Exceptions**
 - **Unfavorable Policy Language**
 - **NYS Labor Law Exclusions**
- **Cooperative Bid Piggybacking**
 - **Purchase Orders - No Agreement – No RT**

Exposure Impact

- **Risk Transfers Denied**
- **NYSIR Taking on Contractor Exposures**
- **Increased Losses**

Response

Changing Insurance Specification Verbiage

- **NYS Licensed and Admitted Carriers Required**
- **December 1, 2023 - Going Forward – New Capital**
- **Rebid Opportunities – New Specs**

Response

Insurance Specification Change

2. The policy naming the District as an Additional Insured shall:
 - a. Be an insurance policy from an A.M. Best A-rated or better insurer, **licensed and admitted** to conduct business in New York State. A New York licensed and admitted insurer is **required.**

Response

Insurance Specification Change

5. Minimum Insurance Required

b. The OCP Policy must be with a NYS licensed and admitted carrier.

Challenges

Co-Operative Bids

- **Insurance Specs Will Likely Be Different**
- **Will Need Amended Agreement**
- **POs are Not Contracts**
- **Bid Winner – May Reject**

Key Words

“Upon signed written agreement or contract”

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POs ARE NEITHER



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Additional Insured Status

ISO Additional Insured Endorsements (2019)

- **Additional Insured forms provide:**
**NO Coverage Unless Specifically
Required by Signed Written Contract or
Agreement**

Additional Insured Status

- Contract must **Explicitly Require** the extent of coverage or **NO Coverage**
- Even if COI limits are higher than what contract requires – only amounts listed in contract/agreement are accessible

Challenges

Subscribers

- **BOE Pressure**
- **Contractor Pressure**
 - **“Too Expensive”**
 - **“Can’t Find Coverage”**
 - **“Others Don’t Require It”**

Unity - We Need to Sing Together

Challenges

Projects

- **Bid Issues – Extended Times**
- **Completion Pressures**

Streamlined Bidding Process

Streamline Bidding Process

**Bids Out
Earlier**

**Vet for Lowest
Responsible
Bidder**

Award Bid

**Approve By
BOE**

**Secure &
Review OCP**

Streamlined Bidding

Bids Out Earlier

- **Provide More Time for Pre-Award Review**

Bid Vetting of Insurance Submittal

- **RT Team - Review Provided Insurance Info**
- **Vet for Insurance Spec Compliance and Rank**

Award Bid



Thank You

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