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Title: CONSIDER AN AMENDMENT TO A \$5,000,000 CONTRACTOR POLLUTION LIABILITY POLICY WITH ALLIANZ AT AN ADDITIONAL PREMIUM NOT TO EXCEED \$5,159 INCLUDING LINES TAXES AND STAMPING FEES, PROCURED THROUGH MARSH USA, INC.; AND AUTHORIZE THE EXECUTIVE DIRECTOR TO BIND THE AMENDMENT TO THE POLICY

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Report to Carson Reclamation Authority

Monday, February 12, 2024

Discussion

SUBJECT:

CONSIDER AN AMENDMENT TO A \$5,000,000 CONTRACTOR POLLUTION LIABILITY POLICY WITH ALLIANZ AT AN ADDITIONAL PREMIUM NOT TO EXCEED \$5,159 INCLUDING LINES TAXES AND STAMPING FEES, PROCURED THROUGH MARSH USA, INC.; AND AUTHORIZE THE EXECUTIVE DIRECTOR TO BIND THE AMENDMENT TO THE POLICY

I. SUMMARY

On December 4, 2023 the Board approved an extension of the bridge-period Contractor’s Pollution Liability Policy for one year, with the intention that the developer(s) will take over this obligation and coverage when development work begins as they obtain CPL coverage as required under their Insurance Administration Agreements with the CRA.

The policy renewed the Allianz program with limits of liability of \$5,000,000 each incident and a \$5,000,000 policy aggregate, in excess of a \$50,000 self-insured retention. The premium was \$52,250, which includes the broker commission.

In comparing the scope of coverage for contractor liability against the actual potentially intrusive work on the Site, however, staff determined that underwriting was only based on the primary scope of work under the environmental subcontractor’s (WSP) contract of

\$1,395,000 per year but excluded allowances under “Task 7” and all other contractors that are currently doing physical work on the site. Allianz was willing to add this additional project scope to the policy for \$5,000, meaning the additional premium inclusive of surplus line taxes for the CPL expansion is \$5,159 (\$5K premium plus 3.18% surplus lines).

II. **RECOMMENDATION**

1. **APPROVE** AN AMENDMENT TO A CONTRACTOR POLLUTION LIABILITY POLICY WITH ALLIANZ WITH A LIMIT OF \$5,000,000 AT AN ADDITIONAL PREMIUM NOT TO EXCEED \$5,159 INCLUDING PROCURED THROUGH MARSH USA, INC.
2. **AUTHORIZE** the Executive Director of the CRA to bind amendment to the Policy.

III. **ALTERNATIVES**

1. **TAKE** another action the Board deems appropriate.

IV. **BACKGROUND**

The replacement CPL approved in 2022 and in 2023 is substantially less in terms of limit and premium than the original 2017 policy, with a limit of \$5,000,000 and a premium of \$52,250. Since the CRA is no longer performing construction work on the site and is only doing O&M activities, the coverage was intended to sit as excess CPL coverage above environmental contractor WSP’s coverage. It is anticipated that when either or both CAM and CGO commence intrusive work on the site (e.g. grading, drilling, or construction) they will be required to cover the CRA under their own (separate or joint) CPL policies for their cells under the terms of the Insurance Administration Agreement approved by the CRA and the City. These policies will be at higher limits than the current \$5,000,000.

The value of the WSP work, however, was limited to Task 1-6 in their current contract and excluded work performed under Task 7 which often includes major unscheduled repairs or emergency items. In addition, the policy also excluded other contracts working on the site doing certain pre-construction activities such as MBI, the two maintenance/weed abatement contractors, and the security contractor. The underwriter agreed to delete the existing coverage and replace with the following:

- WSP Tasks 1-6
- WSP Task 7
- Ancillary vendor contracts/pre-construction services
- MBI Contract
- Mayfield Contract
- Oakridge Contract
- Securitas Contract

V. **FISCAL IMPACT**

The premium for the CPL is \$5,000 plus Surplus Lines Taxes and Stamping Fees in the amount of \$159.00 for a total of \$5,159.00. This is a Carson Goose Owner obligation

under their Insurance Administration Agreement

VI. EXHIBITS

None

Prepared by: John S. Raymond, Executive Director