



Legislation Details (With Text)

File #: 2019-1144 **Version:** 1 **Name:**
Type: Consent **Status:** Agenda Ready
File created: 12/17/2019 **In control:** Carson Reclamation Authority
On agenda: 1/14/2020 **Final action:**
Title: RATIFY THE EXTENSION OF COVERAGE THROUGH SEPTEMBER 12, 2020 AND APPROVE PAYMENT FOR A BUILDER'S RISK POLICY THROUGH AMERICAN INTERNATIONAL GROUP UK IN THE AMOUNT OF \$77,111.29 PLUS \$2,467.56 IN SURPLUS LINES TAXES AND STAMPING FEES, PROCURED THROUGH MARSH UK SPECIALTY INSURANCE SERVICES

Sponsors:

Indexes:

Code sections:

Attachments: 1. Carson Reclamation Authority Builders Risk Project Extension - Confirmation of Binding

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

Report to Carson Reclamation Authority

Tuesday, January 14, 2020

Consent

SUBJECT:

RATIFY THE EXTENSION OF COVERAGE THROUGH SEPTEMBER 12, 2020 AND APPROVE PAYMENT FOR A BUILDER'S RISK POLICY THROUGH AMERICAN INTERNATIONAL GROUP UK IN THE AMOUNT OF \$77,111.29 PLUS \$2,467.56 IN SURPLUS LINES TAXES AND STAMPING FEES, PROCURED THROUGH MARSH UK SPECIALTY INSURANCE SERVICES

I. SUMMARY

In January, 2017 the CRA procured insurance policies in the area of Comprehensive General Liability ("GL") and Builder's Risk ("BR") for the period of one year. These policies are different from the Pollution Legal Liability ("PLL") and Contractor's Pollution Liability ("CPL/PLI"), in that they do not insure the pollution risk, but rather they insure traditional risks that typically occur on a project. The policies were replaced in September, 2018 by a comprehensive "wrap" insurance program developed jointly with Macerich, called an Owner Controlled Insurance Program ("OCIP").

The large OCIP program was procured with a term of 32 months, and splits coverage between the vertical development being undertaken by CAM-Carson, LLC ("CAM") and the horizontal development being undertaken by the CRA on Cell 2. Builders Risk coverage

for the other cells, however, is only issued for a 12 month term until such time the CRA is in a development agreement with a developer for those cells.

Therefore, the Builders Risk, Ground Up (Property only) coverage with a Limit of \$70,101,177.00 expired on September 12, 2019 for Cells 1, 3, 4 and 5, with a three month extension period until December 12, 2019. CAM has no insurable interest in this part of the policy.

This action ratifies the action of the Executive Director to bind the policy renewal, with American International Group UK, in order to avoid a gap in coverage, until it could be presented to the Board for approval, and to pay the \$77,111.29 in premium plus \$2,467.56 (aggregate \$79,578.85) due to Marsh UK, the CRA's insurance broker. This would extend the policy until September 12, 2020. Marsh UK is a subsidiary of Marsh & McLennan Companies, Inc., which purchased JLT Specialty Insurance Services, Inc. in 2019.

II. RECOMMENDATION

1. RATIFY THE EXTENSION OF COVERAGE THROUGH SEPTEMBER 12, 2020 AND APPROVE PAYMENT FOR A BUILDER'S RISK POLICY THROUGH AMERICAN INTERNATIONAL GROUP UK IN THE AMOUNT OF \$77,111.29 PLUS \$2,467.56 IN SURPLUS LINES TAXES AND STAMPING FEES, PROCURED THROUGH MARSH UK SPECIALTY INSURANCE SERVICES

III. ALTERNATIVES

Take another action the Board deems appropriate.

IV. BACKGROUND

In January, 2017 the CRA procured insurance policies in the area of Comprehensive General Liability ("GL") and Builder's Risk ("BR") for the period of one year. These policies are different from the Pollution Legal Liability ("PLL") and Contractor's Pollution Liability ("CPL/PLI"), in that they do not insure the pollution risk, but rather they insure traditional risks that typically occur on a project. The policies were replaced in September, 2018 by a comprehensive "wrap" insurance program developed jointly with Macerich, called an Owner Controlled Insurance Program ("OCIP").

The large OCIP program was procured with a term of 32 months, and splits coverage between the vertical development being undertaken by CAM-Carson, LLC ("CAM") and the horizontal development being undertaken by the CRA on Cell 2. Builders Risk coverage for the other cells, however, is only issued for a 12 month term until such time the CRA is in a development agreement with a developer for those cells.

Therefore, the Builders Risk, Ground Up (Property only) coverage with a Limit of \$70,101,177.00 expired on September 12, 2019 for Cells 1, 3, 4 and 5, with a three month extension period until December 12, 2019. CAM has no insurable interest in this part of the policy.

This action ratifies the action of the Executive Director to bind the policy renewal, with American International Group UK, in order to avoid a gap in coverage, until it could be presented to the Board for approval, and to pay the \$77,111.29 in premium plus \$2,467.56 (aggregate \$79,578.85) due to Marsh UK, the CRA's insurance broker. This would extend the policy until September 12, 2020. Marsh UK is a subsidiary of Marsh & McLennan Companies, Inc., which purchased JLT Specialty Insurance Services, Inc. in 2019.

A Builder's Risk insurance policy provides first party property coverage for damage to real property incurred during construction. Once construction is complete, Builder's Risk policies cease providing coverage. Under the Builder's Risk policy, the insured property is the assets that are installed or being built on the property. CAM and CRA have the phased Builder's Risk program for all of the horizontal and vertical construction components at the Cell 2 Project with a limit equal to 100% of the replacement value of all such horizontal and vertical components.

The Builder's Risk program may be expanded in the future to cover horizontal work conducted on other cells of the Site and vertical construction work thereon. In the meantime, the CRA is responsible for Builders Risk on the installed improvements on the other cells. The Builder's Risk program is an occurrence based policy and the limits will automatically reinstate upon any loss thereunder at no charge to the insured; provided, however, that the limit of loss for earthquake and coverage will be expressed as an annual aggregate amount. The Builder's Risk program is be primary with respect to all property damage at, on or under the property during the term of the Project and will also include LEG-3 coverage with respect to repair of physical damage to work or remedial components arising out of a loss.

V. FISCAL IMPACT

The cost of the extensions is \$77,111.29 in premium plus \$2,467.56 (aggregate \$79,578.85) due to Marsh UK, the CRA's insurance broker.

VI. EXHIBITS

1. Binding Order from Marsh UK (pgs. 4-5)

Prepared by: John S. Raymond, Executive Director