

California State University

Insurance Program Overview

Table of Contents

I. <u>Owner Controlled Insurance Program</u>		
a. COMMERCIAL GENERAL LIABILITY		Policy A1LG W000 1700
b. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY		Policy A1LW W000 1700
c. EXCESS LIABILITY (\$25M x Primary)		Policy 0311-1327
d. EXCESS LIABILITY (\$25M x \$25M)		Policy XCQ G46855942 001
e. EXCESS LIABILITY (\$25M PO \$50M XS \$50M)		Policy EXC2068854
f. EXCESS LIABILITY (\$25M PO \$50M XS \$50M)		Policy ELU627809/01/2017
II. <u>Environmental & Professional Liability</u>		
a. CONTRACTORS POLLUTION LIABILITY		Policy 0307-2750
a. OWNER'S PROTECTIVE PROFESSIONAL LIABILITY		Policy ELZ628180/01/2018
III. <u>Property Program</u>		
a. BUILDERS RISK		Policy I20799754017
IV. <u>Coverage Definitions and Claims Examples</u>		

I. Owner Controlled Insurance Program

A. COMMERCIAL GENERAL LIABILITY

Policy A1LG W000 1700
Old Republic Contractors Insurance Group
December 31, 2017 – December 31, 2022 (Program Period)

Limits & Deductibles

Products & Completed Operations Aggregate:	\$4,000,000
General Aggregate:	\$4,000,000
Each Occurrence:	\$2,000,000
Personal Injury and Advertising Liability:	\$2,000,000
Fire Damage Legal:	\$300,000
Medical Expense (Any One Person):	\$10,000
Deductible Bodily Injury/ Property Damage:	\$250,000
Clash Deductible (Any One Occurrence):	\$375,000
GL and WC Deductible Aggregate:	\$4,731,308

B. WORKERS' COMPENSATION AND EMPLOYER'S LIABILITY

Policy A1LW W000 1700
Old Republic Contractors Insurance Group
December 31, 2017 – December 31, 2022 (Program Period)

Workers' Compensation: Statutory Limits

Employer's Liability Limits & Deductibles

Bodily Injury (Each Accident):	\$1,000,000
Bodily Injury by Disease (Each Employee):	\$1,000,000
Bodily Injury by Disease (Policy Limit):	\$1,000,000
Deductible Bodily Injury by Accident/ Disease:	\$250,000
Clash Deductible:	\$375,000
GL and WC Deductible Aggregate:	\$4,731,308

C. EXCESS LIABILITY – \$25M x Primary

Policy 0311-1327
Allied World Assurance Company
December 31, 2017 – December 31, 2022

Limits & Deductibles

Each Occurrence:	\$25,000,000
Products/Completed Operations Aggregate:	\$25,000,000
Aggregate:	\$25,000,000

Underlying Policies:

Type of Coverage	Policy No.	Policy Period	Insurance Company
General liability	A1LG W000 1700	12/31/2017 – 12/31/2022	Old Republic Contractors Insurance Group
Employer's Liability	A1LW W000 1700	12/31/2017 – 12/31/2022	Old Republic Contractors Insurance Group

D. EXCESS LIABILITY – \$25M x \$25M

Policy XCQ G46855942 001
ACE Property & Casualty Insurance Company
December 31, 2017 – December 31, 2022

Limits & Deductibles

Each Occurrence: \$25,000,000
Aggregate: \$25,000,000

Underlying Policies:

Type of Coverage	Policy No.	Policy Period	Insurance Company
Excess Liability	0311-1327	12/31/2017 – 12/31/2022	Allied World Assurance Company
General liability	A1LG W000 1700	12/31/2017 – 12/31/2022	Old Republic Contractors Insurance Group
Employer Liability	A1LW W000 1700	12/31/2017 – 12/31/2022	Old Republic Contractors Insurance Group

E. EXCESS LIABILITY – \$50M XS \$50M

\$25M PART OF \$50M

Policy EXC2068854
Great American Assurance Company
December 31, 2017 – December 31, 2022

Limits & Deductibles

Each Occurrence: \$25,000,000
Products/Completed Operations Aggregate: \$25,000,000
Other Aggregate Limit (where applicable): \$25,000,000

\$25M PART OF \$50M

Policy ELU627809/01/2017
AXIS Surplus Insurance Company
December 31, 2017 – December 31, 2022

Limits & Deductibles

Each Occurrence: \$25,000,000
Products/Completed Operations Aggregate: \$25,000,000
Other Aggregate Limit (where applicable): \$25,000,000

Underlying Policies:

Type of Coverage	Policy No.	Policy Period	Insurance Company
Excess Liability	XCQ G46855942 001	12/31/2017 – 12/31/2022	ACE Property & Casualty Insurance Co
Excess Liability	0311-1327	12/31/2017 – 12/31/2022	Allied World Assurance Company
General liability	A1LG W000 1700	12/31/2017 – 12/31/2022	Old Republic Contractors Insurance Group
Employer Liability	A1LW W000 1700	12/31/2017 – 12/31/2022	Old Republic Contractors Insurance Group

II. Environmental & Professional Liability

A. CONTRACTORS POLLUTION LIABILITY

Policy 0307-2750
Allied World Assurance Company (A XV)
January 18, 2017 – January 18, 2023

Limits & Deductibles

Each Occurrence:	\$25,000,000
Policy Limit:	\$25,000,000
Each Incident Deductible:	\$250,000

B. OWNER’S PROTECTIVE PROFESSIONAL INDEMNITY

Policy ELZ628180/01/2018
AXIS Surplus Insurance Company (A+XV)
January 18, 2018 – January 18, 2023

Limits & Deductibles

Owners’ Professional Liability

Coverage A – Protective Indemnity:	\$25,000,000 Each Claim \$25,000,000 Aggregate
Coverage B – Third Party Claim Defense:	\$25,000,000 Each Claim \$25,000,000 Aggregate
Policy Aggregate:	\$25,000,000
Self-Insured Retention-Third Party Claim Defense:	\$100,000
Retroactive Date:	1/18/2018

Supplementary Coverage

Subpoena Response Expense	\$500 per Subpoena/ \$5,000 per policy period
Expense Reimbursement	\$500 per day/ \$10,000 per policy
Regulatory Actions Reimbursement	\$10,000 per policy period
Reputation Protection	\$10,000 per policy period
Bankruptcy Proceedings Expense	\$10,000 per policy period

III. Property Program

A. BUILDERS RISK

Policy IMC I20799754 017
Illinois Union Insurance Company
July 1, 2022 – July 1, 2023

Limits & Deductibles

\$100,000,000 per Occurrence, excess of Deductibles. Project specific limits apply.

Sub-Limits

\$ 1,000,000	Transit
\$ 1,000,000	Off-Site Storage projects \$0 to \$25M
\$ 5,000,000	Off-Site Storage project \$25M to \$100M
\$10,000,000	Off-Site Storage projects > \$100M
20% of Loss	Expediting Expense (\$10M maximum based on project size)
25% of Loss	Debris Removal (\$25M maximum based on project size)
\$10,000,000	Flood per occurrence / Annual aggregate

Coverage:

"All Risk" Builder's Risk Insurance, including property damage, transit, off-site storage, expediting expense, flood (including tidal waves), terrorism*, and earthquake**

Terrorism Risk Insurance Program Reauthorization Act of 2015 (TRIPRA)

**CSU maintains a self-fund for losses in excess of the deductible caused by earthquakes as defined in CA Public Contracts Code, section 7105 (b) (2).

Major Exclusions:

Not covered	Flood Zone A
Not covered	Earth Movement** (excluded by carrier; self-funded by CSU)

Deductible:

\$10,000	Per occurrence – projects \$0 to \$10M
\$25,000	Per occurrence – projects \$10 to \$50M
\$50,000	Per occurrence – projects \$50M to \$100M
\$100,000	Per occurrence – Flood
\$20k/\$50k/\$100k	Per occurrence – Water Damage – based on project sizes above
\$100,000	Per occurrence – Earthquake**

Comments:

1. Projects to be reported quarterly.
2. Projects that are reported during the policy term are held covered for up to 36-months from project start date.
3. Projects whose initial reported value is less than \$5,000,000 are not required to be reported at completion.
4. Projects whose initial value is \$5,000,000 or more shall report final contract values and term during the next quarterly reporting period following project completion

5. Supplemental Application is required for all wood-frame projects over \$10,000,000 total construction cost, any Hybrid projects, and all other projects over \$100,000,000 total construction cost.
6. Projects that are constructed in phases may be separated for each phase, provided however a separate construction agreement is executed for each phase with definitive periods of construction.

IV. COVERAGE DEFINITIONS AND CLAIMS EXAMPLES

Commercial General Liability & Excess Liability

A standard Commercial General Liability insurance policy is issued to business organizations to protect them against liability claims for bodily injury and property damage arising out of premises, operations, products, and completed operations; and advertising and personal injury liability.

An Excess Liability policy provides additional protection when a claim and/or lawsuit exceed insurance limits on your general liability and employer liability primary policies. Excess liability policies add another layer of protection to any of several other policies that you might hold, including general liability and employer's liability.

1. Electrical Contractor – Trip and Fall

During the construction of a large university liberal arts building, an electrical contractor inadvertently left a portion of a trench uncovered and a student stepped into the uncovered trench while she was on the way to her class later that evening. The student sustained a fractured leg as a result of the trip and fall. The electrical contractor was held responsible for the injuries, wage loss and medical specials that were incurred by the claimant. The claim ultimately settled for \$85,000.

2. General Contractor – Safety Violations/Housekeeping

A City Inspector was hit in the head by a piece of rebar. The investigation revealed that the rebar came from the 10th floor of the building. The 10th floor had not been properly cleaned up the day before and construction debris was all over the place. The steel contractor along with the general contractor were both found to be negligent of poor maintenance and housekeeping. This case involved a brain injury and the case settled for \$11.2 million.

3. General Contractor and Multiple Subcontractors – Resultant Water Damage from Improper Waterproofing and Concrete Application

The contractor built a large condominium complex that contained five stories of underground parking. The water proofing and the concrete subcontractors failed to work in a unified fashion and left gaps between the waterproofing and the concrete walls of the garage. After the building was put to its intended use, the lower three levels of the garage started to leak. The cost of repair for epoxy injection was estimated at \$1.8 million. In addition, the Condominium Association created a laundry list of other defects that they alleged were caused by the general contractor and other trades. The defense costs alone in this case came to \$1.6 million. The claim ultimately settled for \$3.25 million after three years of litigation

Worker's Compensation and Employer's Liability

Workers' Compensation is the system by which no-fault statutory benefits prescribed in state law are provided by an employer to an employee (or the employee's family) due to a job-related injury (including death) resulting from an accident or occupational disease.

Employer's Liability coverage is provided by Part 2 of the basic workers compensation policy and pays on behalf of the insured (employer) all sums that the insured shall become legally obligated to pay as damages because of bodily injury by accident or disease sustained by any employee of the insured arising out of and in the course of his employment by the insured.

1. Minor Injury Resulting in Death

A painter was working and sustained a dime sized laceration on his outer bicep from a rusty nail that was sticking out from the wall. Thinking nothing of the small cut he continued his work. Excited to have finished his job at the end of the week, he planned a getaway to Florida. Upon his return from Florida, he was suffering from flu like symptoms. That same day he checked himself into a hospital. After extensive medical testing, he was diagnosed with sepsis. Unfortunately, ten days after his accident he passed away while being transported to a different hospital. His family received a significant settlement that helped them pay off all medical bills and preserve their home.

Worker's Compensation and Employer's Liability, cont.

2. Defective Equipment

The plaintiff was employed as an assistant fitter. Part of his duties involved cutting pieces of steel. He was required to use a hand held grinder to undertake this task. The grinder was defective and as a result of that defect he sustained a personal injury to his left hand. The grinder had a piece missing. This meant that the plaintiff had to place both hands on the body of the machine when he was using the grinder. When the machine was activated, the grinding disc spun, catching his glove and pulling his thumb into the grinder. He sustained a serious injury to his non-dominant left thumb which severed the nerve in the thumb. He proceeded with his claim all the way to the High Court.

3. Asbestos Exposure

The plaintiff worked with his employer since 1959. From 1959 to 1974 he worked in the production of asbestos containing pipes. Due to health reasons he was then transferred to the plastic pipes operations with was separated from the asbestos containing pipes by partial walls. He contracted a rare cancer. He claimed that the cancer was caused because of the exposure to asbestos while at work. He sued his employer for compensation and was awarded \$10,000,000 as compensatory damages and \$500,000 as punitive damages.

4. Fall

A 37-year old construction worker was injured when he fell from some scaffolding while on the job. This happened in 2003. The construction worker is now a complete quadriplegic and is paralyzed as a result of the accident. The injured worker sued for compensation and was awarded \$337,000 pain and suffering, \$18,600 past medical expenses, \$37,125 past lost wages and \$174,460 future lost wages. The employer went in appeal but the verdict survived the appeal.

Owner's Protective Professional Indemnity and Liability & Excess Liability

Owner's protective (OPPI) is coverage for the construction project owner, on a multi project basis, which supplements the Architects & Engineers (A&E) primary policies as opposed to replacing these insurances. OPPI is a first party indemnity contract that pays based on an established third party liability loss, that arises out of the owner's subcontracted A&E professional services excess over the available primary A&E insurances.

- 1.** An architect failed to properly design the exterior membrane of a large hotel. The hotel sustained extensive resultant water damage. The Architect had only \$1 million in professional liability coverage, which was paid by their professional liability carrier and then the architect filed for bankruptcy. The OPPI policy stepped in and paid the additional \$1.8 million to satisfy the \$2.8 million cost of repair.
- 2.** A surveyor placed the footprint of a large hospital in the wrong location. After several months of construction, it was discovered that the footprint of the building was off by three feet. The Architect had only \$500,000 in professional liability coverage. The professional liability carrier for the surveyor paid their policy limits and the OPPI policy paid the additional \$750,000 it took to repair the building.

Contractor's Pollution Liability

Contractor's Pollution Liability insurance protects contractors from the liability and financial loss that can result when a covered operation results in a pollution incident.

1. Demolition Contractor - Asbestos

During the demolition of a portion of a museum, a contractor inadvertently disturbed unknown asbestos that had been contained in the floor tiles. The asbestos contaminated other areas of the museum, forcing closure during the remediation. The demolition contractor was held responsible for the clean-up costs and business interruption.

2. General Contractor – Mold / Indoor Air Quality

Higher educational institution received complaints from students and faculty about musty odors emanating from subfloor basement of classroom building. Upon investigation and interviews conducted with faculty, staff and students, it was determined that an outdoor sloped walkway into the basement caused surface water run-off to leak into the basement service entrance. Conclusions of the subsequent investigation indicated that there was poor maintenance and ventilation to this space. The combination of poor construction, neglected maintenance and ventilation, caused extensive mold growth and indoor air hazards as a result.

3. Electrical Contractor - Asbestos

While installing new electrical lines in a historic building the contractor used a hole saw to cut through a ceiling. Unknown to the contractor, the saw had inadvertently disturbed and released asbestos-containing insulation material. The contractor had to pay for clean-up costs for the asbestos fibers released throughout the building.

4. General Contractor – Greenfield Development / Contaminated Soils

Site preparation activities were underway on a previously undeveloped and vacant parcel of land. During soil excavation and dewatering activities, contaminated groundwater impacts were discovered. The developer / general contractor were required by State regulatory authorities to investigate, collect, test and treat volumes of impacted groundwater pumped out during the excavation process. Contaminated soils were also discovered to be present at the site. Construction delay expense and investigation related costs totaled over \$1,000,000 for the developer and contractor. Upon additional, comprehensive subsurface site investigation and evaluation, it was ultimately determined that contamination had migrated from a nearby manufacturing operation that had filed for bankruptcy and ceased operations several years prior.

5. Mechanical Contractor – Hydraulic Fluid

A mechanical contractor improperly installed fittings during routine maintenance of a hydraulically driven conveyor system. A subsequent leak was not discovered until the next routine maintenance cycle. The leaking hydraulic fluid migrated into a floor drain located beneath the equipment which discharged directly into an adjacent drainage ditch. Property owners adjacent to the site noticed a sheen on the water in the ditch and requested an environmental investigation by regulators. The regulators mandated clean-up of the spill and the site owner subsequently filed actions against the mechanical contractor to pay for the clean-up costs.

6. Street and Road Contractor – Petroleum- Impacted Sediment

Inadequate erosion control measures implemented during construction of an abutment for a highway overpass resulted in petroleum-impacted sediment to be deposited into a pristine waterway. The street and road contractor was required to pay for clean-up costs and natural resource damages.

7. Public Entity – Redevelopment / General Construction

A municipality purchased a former manufacturing facility as part of a much larger Brownfield redevelopment project. After taking control of the property and conducting a cursory environmental assessment review, the general contractor and site prep sub discovered that an old underground storage tank was present despite being overlooked during the environmental review. Soil samples from areas adjacent to the tank grave indicated that a much larger area was impacted. Resultant additional soil excavation, regulatory filings, transportation/disposal of impacted materials adversely affected the overall project budget.

8. Steel Erection Contractor – Diesel Fuel

A steel erection contractor accidentally caused a release of diesel fuel at a construction site when a crane operator dropped a steel beam. The beam landed on a small tanker truck that was brought onto the site to refuel other construction equipment. The cost of the emergency clean-up was in excess of \$150,000.

Builder's Risk

A property insurance policy designed to cover property in the course of construction. It can cover the structure and the materials on site waiting to be installed or transported to the job site. The builder's risk insurance policy will pay for damages up to the coverage limit. The limit accurately reflects the total completed value of the structure (all materials and labor costs, but not including land value).

1. Heavy rains caused serious resultant water damage to a large international airport that was under construction. The builder's risk policy paid the \$2.3 million it took to repair the airport, less the \$250,000 water damage deductible.
2. A fire burned down approximately 80% of a very large wood framed apartment complex that was under construction. The builders' risk policy paid the \$3.1 million it took to repair the apartment complex, less the \$100,000 fire deductible.