

ADOPTED: September 13, 2013 as part of P&P No. 20

AMENDED: November 6, 2013; May 6, 2016; April 25, 2018

EFFECTIVE: January 1, 2012

SUBJECT: Builder's Risk Insurance Program

Should there be any discrepancy between this documents and either the JOINT POWERS AGREEMENT or BYLAWS, the JOINT POWERS AGREEMENT and BYLAWS will govern.

PURPOSE:

CSURMA launched the Builder's Risk Insurance Program (BRIP) to realize a cost savings, improve coverage, and efficiently administer the Course of Construction coverage for all projects exceeding the threshold for Minor Capital Outlay Projects as established by the CSU Chancellor's Office Capital Planning, Design and Construction Office (CPDC). The purpose of this Policy and Procedure is to describe the operation of BRIP and provide a process for CSURMA and CPDC to collaborate on administering the program efficiently and effectively.

POLICY:

It is the policy of CSURMA that the Program Administrator, Alliant Insurance Services, the Chancellor's Office Accounting Department and Systemwide Office of Risk Management will collaborate with CPDC to administer the BRIP as described in this Policy and Procedure.

PROCEDURE:

Section 1: General Administration

1. All premiums, taxes and fees associated with BRIP shall be managed by CSURMA on behalf of CPDC.
2. CSURMA shall pay all costs associated with BRIP when due to the insurer, and shall be reimbursed by CPDC upon agreement and remittance of an invoice from CSURMA describing the amounts due, including the premium deposit and payments due as determined by the Quarterly Reports for the periods ending September 30, December 31, March 31, and June 30.
3. The Quarterly Reports shall include all newly-reported projects during the quarter, and final premium adjustments on all projects closed during the quarter. Closed projects will not be invoiced to CPDC until all parties (CSURMA, CPDC, and Underwriter) are in agreement on the amounts due, at which time the premium including all taxes/fees shall be deemed final and closed.
4. Invoices –
 - (a) Premium Deposit Invoices:

The Program Administrator shall prepare invoices including project name and CPDC project number.

(b) Reconciliation Invoices:

Program Administrator shall also provide quarterly reconciliation invoices to CPDC based on CPDC's quarterly reports. These reports shall contain for the preceding quarter detail of initial premiums for actual new construction starts, and final premium adjustments on completed projects that are deemed closed by CPDC.

The quarterly reconciliation invoices shall also detail all CPDC payments of premium deposit invoices made and credit previous payment of premium deposit invoices from the actual amount due on each invoice. If the quarterly reconciliation invoice after the application of previously paid premium deposit invoices, is (1) a net credit, this credit shall be debited from the next quarterly premium deposit invoice due as identified in the premium deposit payment schedule, (2), if a net add, the amount shall be carried over to the following quarterly premium deposit invoice or year-end premium audit invoice calculation.

(c) CPDC will pay all invoices within 30 business days of receipt.

5. Program Administrator will identify and include applicable premium taxes/fees to be added to each invoice at the rates established by the Department of Insurance. Completed, closed projects exceeding \$5,000,000 in construction cost will pay the applicable final adjusted premium and tax/fee rate, when invoiced, based on the policy year when originally enrolled in BRIP.
6. Program Administrator will provide the carrier's endorsements to CPDC naming each project enrolled with each reconciliation invoice. The endorsements will include each project's name and CPDC project number. Additionally, Program Administrator will prepare and send evidence of coverage certificates immediately as each project is enrolled as required by campuses for their contractors performing work on enrolled projects.
7. Late Reports:
 - (a) Projects reported to CPDC after the Start Date of Construction shall be rated for premium calculation purposes on the Quarterly Report using the date when actual construction began (*Date of Commencement*), and the date when actual construction is completed (*Date of Completion*).
 - (b) If the actual Date of Completion is not known at the time of the late report, the Quarterly Report shall be updated and rated using the Expected Date of Completion as of the Quarterly Report ending date.
 - (c) All late reported projects must complete a "No Known Loss Letter" (NKLL) warranting the Campus Project Manager and the project's General Contractor have no knowledge of any loss that may give rise to a claim under BRIP from the actual Start Date of Construction to the date of the NKLL, whose date shall be no sooner than the date when the late report is submitted to CPDC.
 - (d) Projects up to \$5,000,000 construction value - There shall be no further premium adjustment after actual project completion.
 - (e) Projects over \$5,000,000 construction value - There shall be a final premium adjustment based on the actual period of construction and the actual total cost of construction (i.e., including "change orders") after project completion.

PART B: Definitions

As used in this Policy and Procedure, the following terms are defined:

Accounting: Financial Services located in the Chancellor’s Office provides accounting services for CSURMA.

Construction Cost (Construction Value) – varies by procurement method as follows:

- Design-Bid-Build: Construction Contract Value.
- CM at Risk: Construction Contract Value. Construction Phase Services/Site Management Fee, CM Contingency, and CM OH&P.
- Design-Build and Collaborative Design Build: Contract Value less preconstruction and design services.
- Final Construction Cost: Construction Cost plus all construction contract change orders.

CPDC: Capital Planning, Design and Construction located in the Chancellor’s Office.

CSURMA: California State University Risk Management Authority.

Program Administrator: Alliant Insurance Services is the CSURMA Program Administrator responsible for designing and implementing coverage programs serving CSU and its auxiliary organizations.

Systemwide Office of Risk Management: Systemwide Risk Management located in the Chancellor’s Office.

Underwriter (insurer): Chubb is the company providing “Builder’s Risk” insurance coverage through CSURMA for CSU and its auxiliary organizations.