

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

AUTHORIZING AN INSURANCE)
CONTRACT WITH CIGNA INSURANCE FOR) RESOLUTION NO. 88-983
CONVENTION CENTER PROJECT)
BUILDER'S RISK INSURANCE)

WHEREAS, A project the size and duration of the Oregon Convention Center Project requires Builder's Risk Insurance to protect the investment in the project as it is constructed; and

WHEREAS, The Convention Center Project general contract requires that Metro provide the builder's risk coverage; and

WHEREAS, The District has chosen JBL&K as its Broker of Record; and

WHEREAS, JBL&K has solicited competitive proposals from a number of insuring companies; and

WHEREAS, The prices quoted are within the amounts the project budget has set aside for this insurance; now, therefore,

BE IT RESOLVED:

1. That the Council of the Metropolitan Service District authorizes purchase of a Builders Risk Insurance Policy from the CIGNA Insurance for a premium of \$106,000 for the Oregon Convention Center which includes the following provisions:

- a. Term of September 16, 1988 though Metro acceptance of the building or October 1, 1988, whichever comes first.
- b. \$10,000 deductible per incident.
- c. \$5.5 million in coverage for business lost due to delay in opening attributed to a covered peril.

- d. \$.5 million in sub limits for off-site storage.
- e. \$.5 million in property in transit coverage.
- f. \$52 million in construction value insured.

ADOPTED by the Council of the Metropolitan Service District this
8th day of September, 1988.



Mike Ragsdale, Presiding Officer

STAFF REPORT

CONSIDERATION OF RESOLUTION NO. 88-983
AUTHORIZING AN INSURANCE CONTRACT WITH CIGNA
INSURANCE FOR CONVENTION CENTER PROJECT
BUILDER'S RISK INSURANCE

Date: August 30, 1988

Presented by: McFarlane

FACTUAL BACKGROUND AND ANALYSIS

JBL&K, Metro's broker of record, has been soliciting insurance quotes for the convention center project's Builder's Risk Insurance. A Builder's Risk policy protects Metro from losses due to fire, explosion, earthquake, vandalism and malicious mischief and collapse during the time the project is under construction. It will protect Metro's growing investment in the project as it is constructed by insuring the replacement value of the building. The policy is necessary from the time Metro issues its notice to proceed until final completion and acceptance of the work.

The general conditions for the convention center's general contract (Bid Package #3) require that Metro provide such insurance, and that the Contractor be responsible for the first \$5,000.00 of deductible. The general conditions for the convention center's general contract (Bid Package #3) require that Metro provide such insurance, and that the Contractor be responsible for the first \$5,000.00 of deductible. Metro is self-insuring losses in the range between \$5,001.00 and the deductible specified in the policy Metro purchases.

JBL&K received quotations for builder's risk insurance from four separate companies, as shown on Table 1 attached. As shown, CIGNA Insurance is the only company which offered a quote on a policy with \$10,000.00 deductible per incident; deductibles less than \$10,000.00 were not available on the insurance market. Deductible levels of \$10,000 through CIGNA Insurance are recommended as most cost-effective. With this policy in place, the contractor will be responsible for the first \$5,000.00 of loss, and Metro will be self-insuring losses between \$5,001.00 and \$10,000.00.

Other provisions of the policy include:

- Term: From Notice to Proceed to general contractor (expected to be September 16, 1988) to Metro acceptance of the completed building by Metro (expected in August of 1988) or October 1, 1988 -- whichever comes first.

- Maximum Value: \$52 million construction budget.
- Delay in Opening from covered peril: \$5.5 million in coverage.
- Off-site Storage and Property in Transit: \$500,000 sub limits for both property stored off site and property in transit.

Builder's risk insurance is purchased for the life of the project. The cost for this policy is \$106,000, well under the \$250,000.00 originally budgeted for this purpose.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends approval of Resolution No.88-983.

Table 1
 Builders Risk Insurance Quotations
 Oregon Convention Center Project

Builder's Risk Deductible Level	CIGNA	LONDON	ST. PAUL	ALLIANZ
\$10,000	\$106,000	-----	-----	-----
\$25,000	\$95,000	\$210,000	-----	\$104,290
\$50,000	\$87,000	-----	\$88,000	-----
\$100,000	\$80,000	-----	-----	\$92,330