

OCIP's: The Five Most Important Cultural Benefits – How Implementing an OCIP Changes the Culture of Risk

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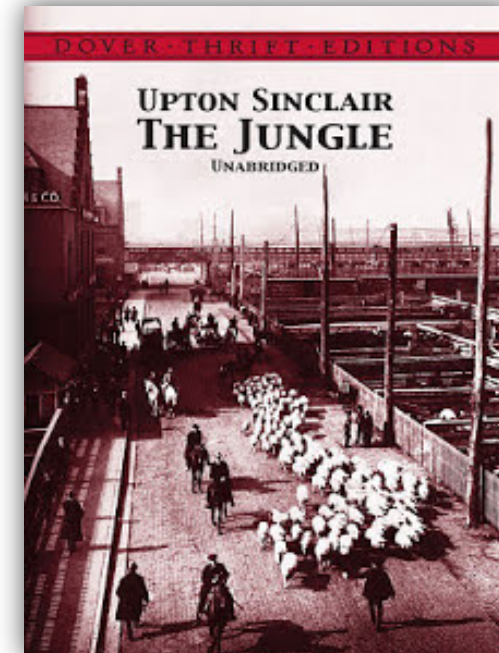
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Managing Risk has Been Around Forever

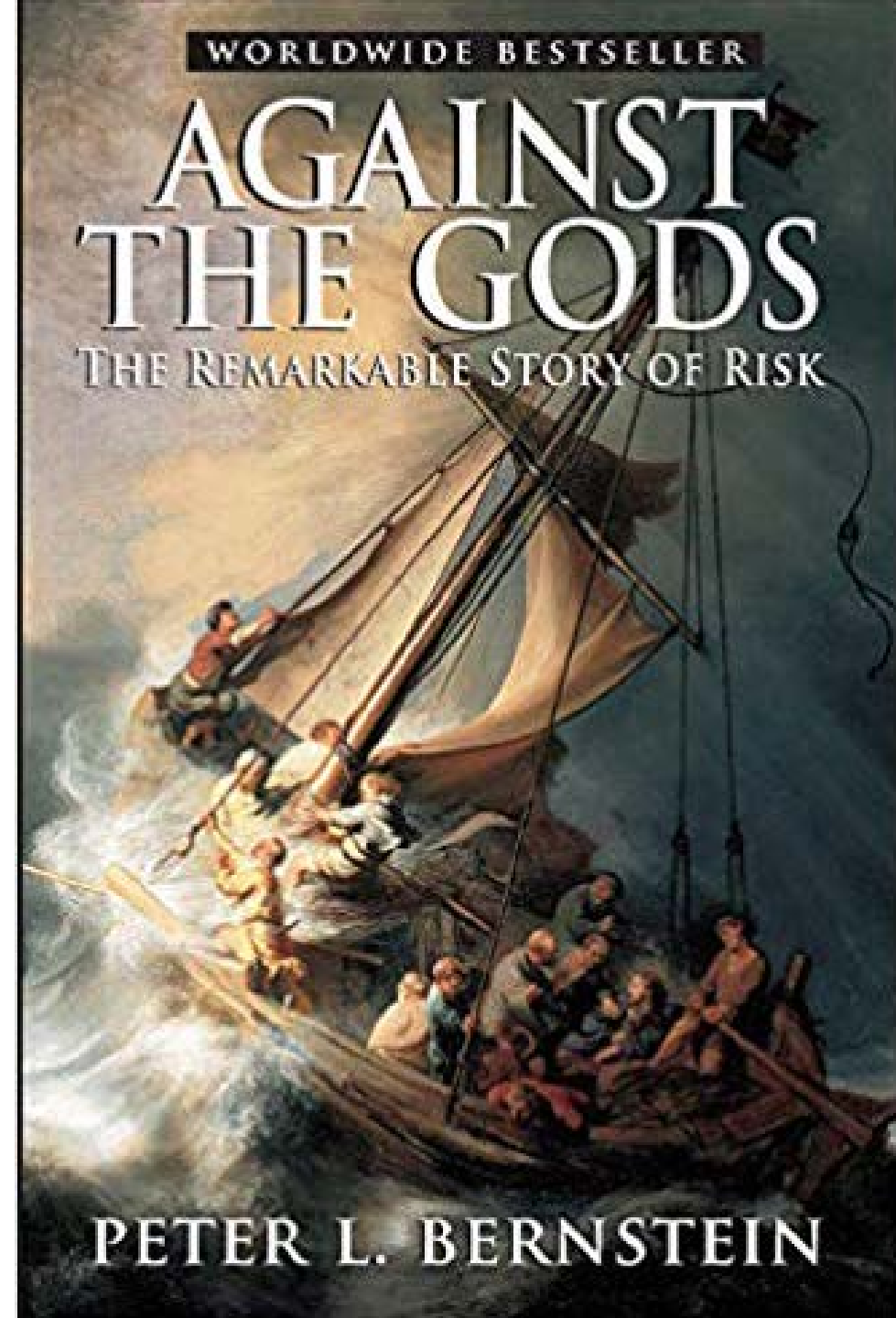
- Ancient Sumerians – Compensation for Body Parts
- Rhodes and Athens – General Average and Loans to cover shipping
- Great Fire of London - 1666
- Industrial Revolution -Unholy Trinity of Defenses
 - Contributory Negligence
 - Fellow Servant Rule
 - Assumption of Risk
- Otto Von Bismarck – Employers Liability Law of 1871
- Workers Compensation 1911 - 1948



Risk is Even a Thrilling Page-Turning Novel

Against the Gods chronicles the remarkable intellectual adventure that liberated humanity from oracles and soothsayers by means of the powerful tools of risk management that are available to us today. – August 31, 1998

"A comprehensive history of man's efforts to understand risk and probability, from ancient gamblers in Greece to modern chaos theory." - Washington Post, 1998

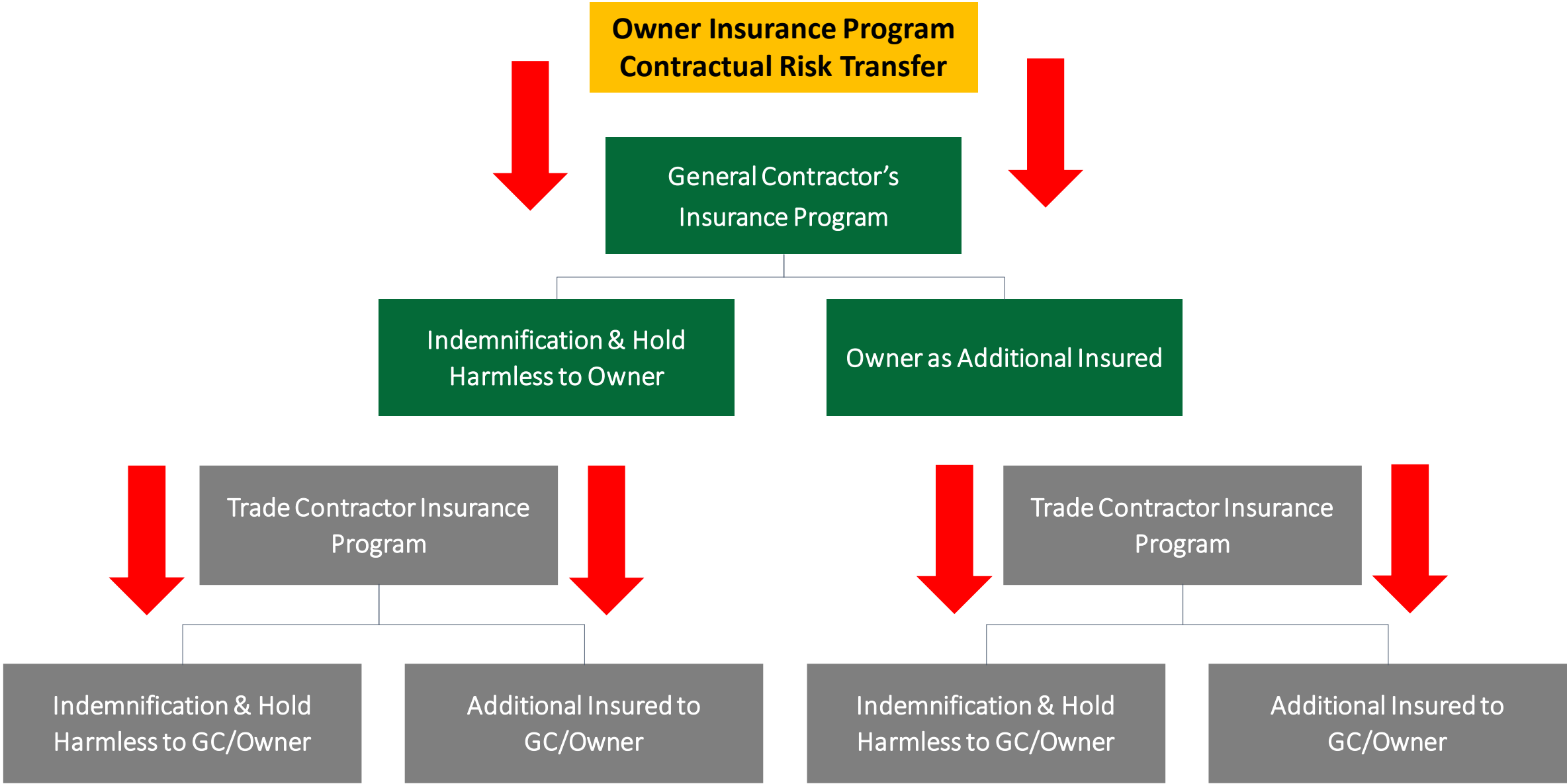


Modern Insurance Law is Relatively New



- Insurance Law follows new risks and changing liability
- Tort revolution begins in 1970s with increase of corporate exposure to more suits and increasing verdicts (e.g., product liability, asbestos and Superfund litigation)
- Insurer denials, insurance suits, and coverage case law soon follows

Risk Management through Contracts



Then:

Pre-Modern Era Risk
Transfer

Contractual Indemnity
Largely unregulated
Enforceable if clearly written

Additional Insured Status
•Virtually non-existent
•Limited to “interests”

Now:

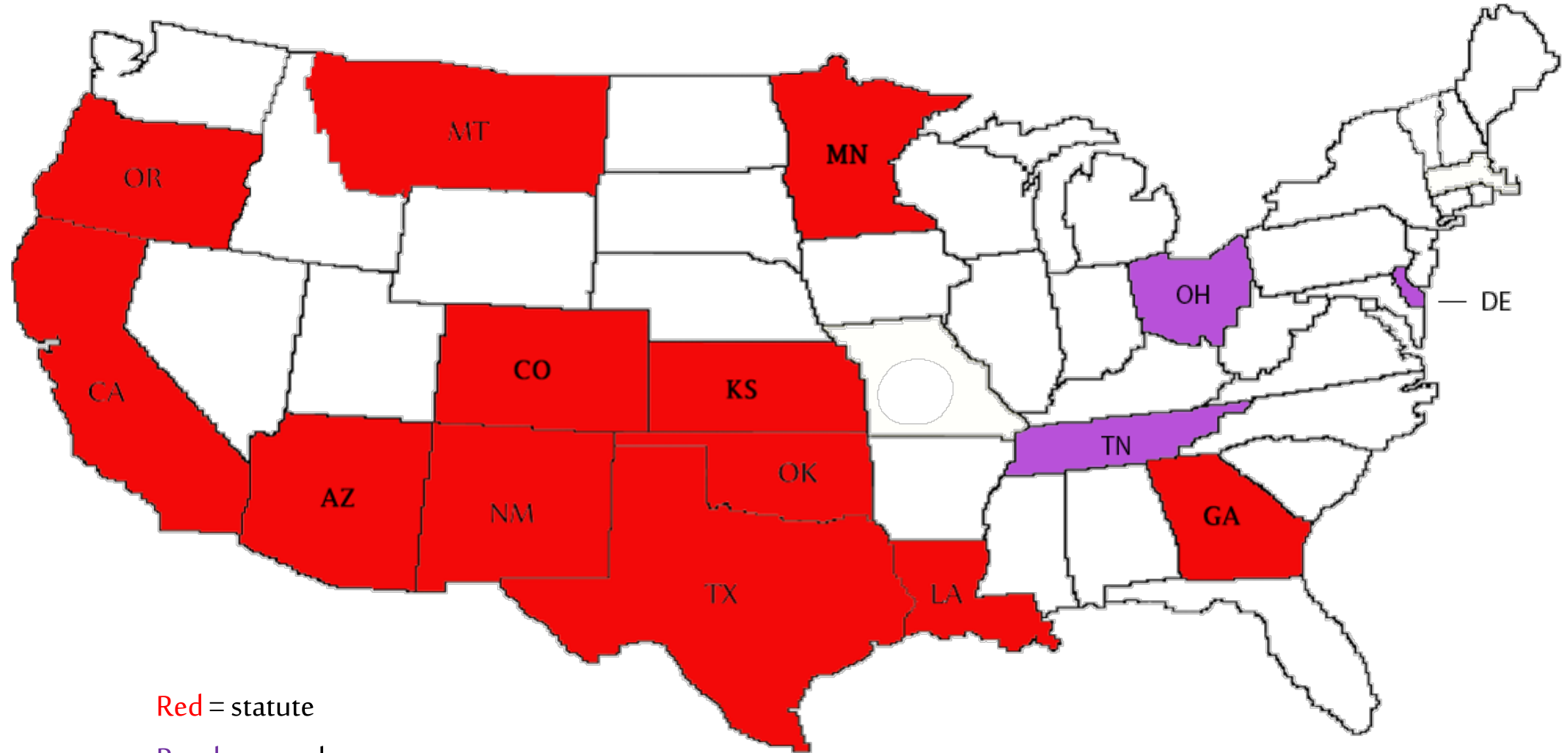
Not Your Father's
Indemnity

Indemnity is heavily regulated.
43 jurisdictions have anti-
indemnity statutes.

No indemnity where
indemnatee is 100% at fault.

States with no anti-indemnity include
AL, DC, ME, ND, NV, PA, VT, WI, WY.
Limited to design professionals only

Anti-Indemnity & Additional Insureds



Red = statute

Purple = case law

Is an OCIP for You?

- **WHAT IS IT?**

- Single insurance program provided to the project by the Owner

- **WHAT DOES OCIP COVER?**

- Workers' Compensation, Employer's Liability
- General Liability, and Excess Liability Insurance.
- Additional owner provided coverages: Builder's Risk, Contractor's Pollution Liability, Owner's Protective Professional Indemnity Insurance, and Excess Auto (Non-Airside & Airside)

- **WHO DOES OCIP COVER?**

- Owner, General Contractors, and all Enrolled Subcontractors of Any Tier



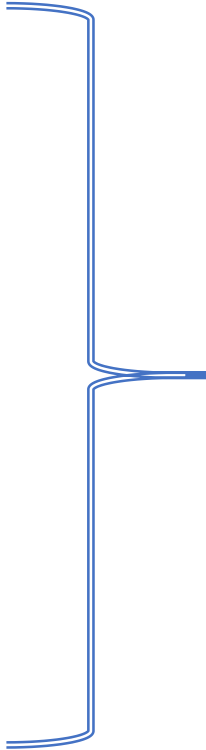
OCIP *Potential* Benefits



- Cost Reduction
- Broader Coverage and Limits
- Coordinated Claims and Safety
- Larger Qualified Contractor Pool

OCIP *Potential* Benefits – What this Really Means

What Owner Needs to Accomplish

- Cost Reduction
 - Coordinated Claims and Safety
 - Broader Coverage and Limits
 - Larger Qualified Contractor Pool
- 

- Oversight and Review of all safety and claim procedures/best practices
- Oversight and Review of all safety and claim procedures/best practices
- Understand all Coverage Grants and Exclusions
- Efficient Administration and Contractor Outreach

OCIP Challenges to Airports



- Airport Risk Management Lack of OCIP Experience
- Airport Management Lack of Long Term Commitment
- Lack of Proper Vetting (up front) and Evaluation (at end)
- Assuming OCIP Automatically Saves Money
- Long Term Involvement in Claims Settlement and Close Out

The Different Stages of OCIP Culture Development



Testing Water Stage

- Single Project
- Is it cheaper than traditional?
- No operational changes
- Reliance on broker for support

Control Stage

- Operational controls established
- Broader investment into risk management staff
- Rolling OCIP Options

Commitment Stage

- Problems experienced
- Refocus internal and external commitment
- Broader commitment needed to make complete cultural changes

Communal Stage

- Lean process enhanced
- Partner vs. telling
- Refined training of staff
- Risk is welcomed but managed

OCIP Cultural Benefit #1

Long Term vs Short Term Thinking becomes broader goal

- Your Risk is with you for multiple years to come
- It is not something you can get away from
- What becomes the best decision



OCIP Cultural Benefit #2

Lean Expansion & Continuous Improvement approach to Operations



- Everything can affect cost
- How to improve overall results

OCIP Cultural Benefit #3

Teamwork Approach to Risk

- Each person plays a role.
- Communication
- Analysis
- Procedures and Responsibilities



OCIP Cultural Benefit #4

Enterprise Risk Management Mentality



- Everyone is involved with Risk
- Broader look to operations & efficiencies
- Safety is Everyone's Business

OCIP Cultural Benefit #5

Enhance Caring for All Parties Involved

- How can we make everyone's experience work well
- Injured workers
- Safe Public
- Education and Enhancement of Businesses



Audience Participation

