

NON-AGENDA

ADDITIONAL MATERIAL

SUBMITTED AT THE REQUEST OF

COMMISSIONER KRISTIN JACOBS

DECEMBER 1, 2009

10:00 a.m.



MEMORANDUM

To: Commissioner Kristine Jacobs
From: Fernando Urioste
Date: November 29, 2009

Subject: OCIP – Risk Management Considerations

The inclusion of WC coverage along with GL coverage under an OCIP is desirable because the WC is the coverage that allows for the collection of significant revenue via the credits received from the contractors for premium contributions of the workforce for which coverage is provided. For the OCIP to be economically viable, the project or projects for which coverage is provided have to have a high dollar value and a fixed duration with the understanding that revenue in less time is financially better. A project with a value of \$150 million to \$200 million of work in place per year is a minimum requirement for the viable implementation of an OCIP.

One of the risks associated with providing WC coverage is the possibility of a high number of claims. The non-discriminatory pre-qualification of contractors bidding the work, a proactive commitment to safety by the successful bidders' home office, and the mandatory orientation of the workforce by OCIP and Safety personnel before they start to work are key components for the success of an OCIP. Austin has participated in various OCIP and CCIP programs such as the ones at DFW, ATL, SMF and LAX on the transportation segment as well as in large healthcare, education and hospitality projects. Based on this experience we offer for consideration the following risk management suggestions that will assist Broward County in the successful implementation of an OCIP at FLL.

1. Contractors are required to not include the cost for the insurance provided under the OCIP in their bid. Contractors should be required to submit their Insurance Rate Sheet along with a calculation of the payroll included in their bid. This will allow the OCIP Administrator to verify the cost of the insurance if the contractors had provided it. This also allows the owner to determine the insurance savings to their program. This requirement will eliminate the administrative chore of having to breakout the insurance cost from the contractors' invoices if this cost is included in their bids. The contractors' certified payrolls, collected on a monthly basis or at the end of their work, will serve to verify the actual payroll incurred and the corresponding insurance premiums.
2. Implementation of an effective Safety Program. It is necessary for the contractors to include in their bid the implementation of a Safety Program that at a minimum meets OSHA requirements although it is desirable for it to exceed the stated standards. The contractors' home office commitment to safety is usually reflected in the incident rates of their companies. The more sophisticated contractors have learned over the years that a safe operation is more profitable than one that has numerous or repetitive accidents. Austin has developed over the years a comprehensive Safety Program that we consider a strategic advantage in our industry. We are willing to

share with Broward County the nuts and bolts of our approach to safety that has given us national recognition from OSHA and among our peers.

3. Treatment. The construction process can be inherently a high risk endeavor and notwithstanding the effort of a proactive contractor, accidents may happen. The inclusion of the following will reduce the cost and decrease the reserves that the OCIP will have to put in place to address safety incidents as they may occur. Depending on the project size and special circumstances the following are desirable solutions to treat work incidents that require some type of medical attention but are not life threatening or that require specialized treatment.
 - a. On site field clinic. (best)
 - b. On site industrial nurse. (better)
 - c. Treatment at pre-arranged urgent care facility near the work site. (Good)
 - d. Treatment at hospitals. (Last option / only if necessary)
4. Light-Duty Return to Work Program. It is important for the OCIP Administrator to approach each one of the above options to explain to the care givers that injured workers can return to work under restricted work guidelines so they can prescribe this rather than keeping the worker at home. In case of severe injuries, it is necessary for the contractor to implement a follow up program that tracks the recovery process of the injured employee and offers assistance to the injured worker as may be required. We have experienced that this approach does result in a shorter time away from work when it effectively assists and encourages the worker in his recovery.
5. The OCIP should have a dedicated insurance adjustor. Having a dedicated adjustor allows for an immediate handling of claims and expedite their resolution. The dedicated adjustor will also be helpful in identifying fraudulent claims if they were to arise.

The services that Austin has provided in the past Under an OCIP/CCIP have ranged from a participating contractor to a full service program administrator consisting of:

- Design and marketing of the controlled insurance program to the insurance carriers placing coverage.
- Prepare program language for contractor or carrier RFP's and bidding documents.
- Modify subcontract language to be consistent with the controlled insurance program.
- Present controlled insurance program information at pre-bid conferences and pre-construction meetings.
- Conduct enrollment workshops.
- Collect enrollment documents (enrollment forms, certificates of insurance and policy declaration pages).
- Analyze and approve premium credits offered by the successful subcontractor.
- Collect monthly payroll reports from all enrolled contractors.
- Manage program files for contractor enrollment and monthly payroll reporting.
- Prepare monthly controlled insurance program status reports (enrollment, payroll and man-hours, earned premium calculations, claims tracking and program executive summary).
- Track off-site insurance certificates.
- Conduct insurance program close-outs including claims and payroll audits.

- Lead on-site claims management (interface with the on-site Austin Safety Manager, insurance carrier, insurance broker, clinic and enrolled contractors).
- Design and implementation of light-duty return-to-work program.
- Develop and implement project specific comprehensive safety program.
- Develop and implement project specific orientation.
- Design and manage on-site badging operation.
- Design and manage on-site clinic for first aid triage and post-accident rehabilitation.
- Design and manage on-site pre-assignment baseline and fit-for-duty testing.
- Design and implementation of bi-lingual safety training program (OSHA 10-hour, Red Cross first aid and CPR certification, Spanish/English basics, hands on laboratory training, Dupont stop training for employees).
- Design and implement M/WBE surety support program.

Steve Warnick, Austin's VP of Risk Management, has been instrumental in the implementation of various OCIP and CCIP programs. He is willing and available to provide specific advice if Broward County so desires. Jessy Cole, Austin's Safety Director, is also available if there is a need for assistance on how to implement a Safety Program to complement and ensure the success of the OCIP at FLL.

Please feel free to contact me directly to address any questions you may have.