

Owner's Protective Professional Indemnity (OPPI) Policy for the Cotton Belt Project

Capital Construction Oversight
Committee
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Risk Management



What is an Owner's Protective Professional Indemnity (OPPI)

- Indemnifies an Owner for damages incurred as a result of negligence of the design professional, where those damages exceed the design professional insurance policy
- Two Types of Coverage to the Owner
 - First Party Indemnity – delays in project schedule, re-design or re-work
 - Third Party Liability – filed against owner and caused by negligent acts, errors or omissions by the professional contractor

Coverage Details

- Limits dedicated to the project
- Provides coverage certainty
- DART is the Named Insured
- Supplements underlying design contractor's insurance

Coverage Details (Cont.)

- Owner litigation costs against design professional not covered
- Professional contractor not covered and required to maintain their own practice coverage
- Policy is triggered when contractor's underlying insurance is exhausted

Policy Structure

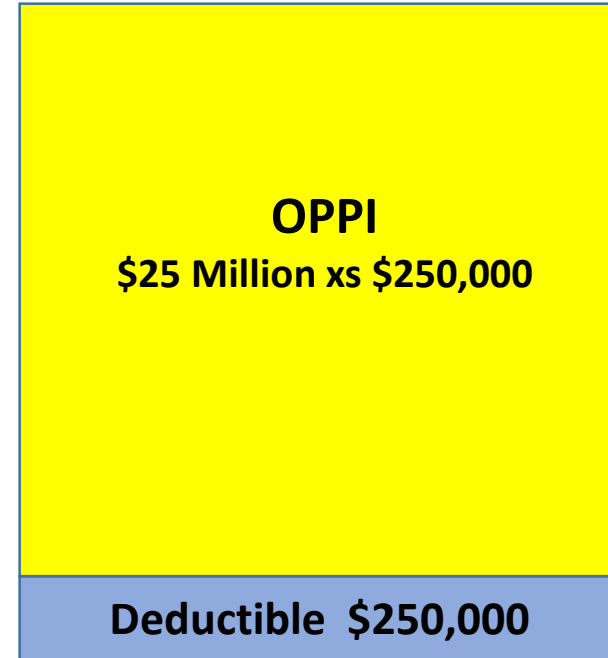
Coverage

1st Party Indemnity



Coverage

3rd Party Liability



Estimated OPPI Premium Based on \$700MM Project Cost

- \$25 Million Limit - Excess of design contractor's coverage
- Deductible - \$250,000 each claim for Third Party Liability Coverage
- No Deductible for First Party Indemnity Coverage
- 10 Years Extended Reporting Period
- **Estimated Premium – \$625,000**

Next Steps

- June / July 2018 – Broker markets the program to other insurance carriers and makes a recommendation to DART
- Late 2018 – Recommendation to Board to approve an insurance program to cover the professional liability exposure on the project