

UNIVERSITY OF ILLINOIS

Office of Business and Financial Services
University Office of Capital Programs & Real Estate Services

**RISK
MANAGEMENT
FOR CAPITAL
PROJECTS**

A Guide for University Staff - 2025

Last Updated: 01/2025

Table of Contents

Property Insurance Reporting Procedures 3

Insurance for Projects..... 4

1. Liability and Bonds..... 4

 University Minimum Liability Insurance Requirements 6

Things to Look for on a Certificate of Insurance..... 8

Certificate of Insurance Form..... 9

2. Builder’s Risk Insurance (BR)..... 11

 A. What is it? 11

 B. Who Provides Builder’s Risk Insurance? 12

 C. What is Required? 12

 D. Builder’s Risk General Guidelines 13

Process to Review Project for Additional Insurance Coverage Needed..... 15

The Process Flowchart 17

The Illinois County Zone Map..... 18

Things to Look for on an Evidence of Property 19

Evidence of Property Insurance Forms 21

Non-permanent Property Coverage 23

Property Insurance for FF&E 24

Claim Reporting..... 24

 What to Report — Just the Facts 25

Websites/Contacts 26

Property Insurance Reporting Procedures

Risk Management (RM) is a Systems office, and we act as the insurance agent for the University. Much of what we do is related to the purchase of commercial insurance or the administration of the self-insurance funds. We have purchased various types of policies such as excess liability, inland marine, fine arts, auto, etc. Of note for this meeting is the purchase of property insurance.

As a side note, our property insurance carrier offers pre-construction plan reviews for projects with an estimated completed construction value of \$1M and above. This review helps ensure completed projects meet fire protection standards. The review would include fire and building code(s), applicable consensus codes (NFPA) and generally accepted best practices for liability and property insurance/risk management. Contact RM for further information.

The master property program covers all existing buildings, contents, business interruption, and leased space and/or equipment where required by contract. When changes are made to University buildings through renovations, remodeling, demolition or additions, we are obligated to notify our property insurance carrier. This is especially critical for new buildings as there is no coverage until we notify our carrier. Notice must be provided to RM so that our obligation can be met.

Notice to RM is typically provided in one of two ways: through FCPWeb entries or direct notice from Financial Managers. With FCPWeb, Project Managers enter the project data into the system which populates a standard report called Risk Management Report. We use the information entered to notify our insurance carrier of changes to the University's property schedule. We receive an auto-generated email when the first construction contract is encumbered on the project. We follow the progress of the project, and upon completion notify the insurance carrier.

For those capital projects not using UOCP&RES contract documents (which includes Contract Document 00700 – General Conditions), Financial Managers should send notice to RM office upon award of contracts. The notice should include the University Project Contact name and number, Project Name and number, Construction Budget, and anticipated start and completion dates.

Notice can be faxed (217-239-6744) or emailed to Lance Lyell (lancel@uillinois.edu) or Tori Hill (vd15@uillinois.edu).

Remember, we can't insure what we don't know about!!

Insurance for Projects

In general, construction projects must have Builders Risk insurance (BR). Depending on the project, the construction manager, contractor with assigned subcontractors, or contractor with the most project involvement (for projects without assignment) will be responsible for providing the BR coverage. Each contractor must also carry the general and auto liability and workers' compensation coverages required by the University. In addition, a Professional Services Consultant (PSC) will also be required to maintain professional liability (errors and omissions) insurance.

The University Office of Business and Financial Services manual has a section on insurance. You may access Section 6 at: <https://www.busfin.uillinois.edu/bfpp/section-6-insurance>

1. Liability and Bonds

The University only wishes to do business with contractors, vendors, and entities that are financially responsible; in other words, insured. Required coverages include general liability, workers' compensation (WC), auto liability, and performance/payment bonds; and for Professional Services Consultants, professional liability insurance. In some instances, and depending on the project, additional coverages may be required (e.g., umbrella liability).

- **General Liability Insurance**
General Liability insurance covers claims such as bodily injury and/or property damage that arise out of the contractor's business operations. It provides the financial means to pay for claims arising out of their own negligent actions or omissions when such actions or omissions cause bodily injury and/or property damage to a third party.
- **Workers' Compensation**
Workers' Compensation is a benefit workers are entitled to by state law and is provided through the employer. The coverage provides them wage continuation, medical coverage, and sometimes a permanency settlement, when they are injured in the course and scope of their employment duties. If the contractor does not carry workers compensation insurance, the injured worker has recourse to go against the project owner for the benefits. Only a sole proprietor is exempt from the need for Workers' Compensation insurance.
- **Automobile Insurance**
Auto liability covers bodily injury and/or property damage caused to someone else. It does not cover your own injuries or damage to your car. It is state law for vehicles to have automobile liability insurance.

- **Umbrella Liability**

This is pure liability coverage over and above the general and auto liability limits. It is usually sold in increments of \$1 million. The University requirement is that contractors have auto liability limits of \$1,000,000. However, if the contractor has an auto policy limit of \$500,000 but also has a commercial umbrella for \$1,000,000 that would meet the requirements. For example, if the loss is \$1.5 million the auto policy would pay the first \$500,000 of the loss and the umbrella liability would pay the next \$1 million.

- **Professional Liability**

Professional liability coverage is commonly known as Errors and Omissions. It is insurance that provides coverage for the advice and services provided by professionals, such as architects and engineers. The coverage applies to claims made by clients based on negligence, errors, and failure to act, and is based more on financial loss than direct physical damage.

- **Bonds**

Bonds guarantee that a contractor can meet the obligations of the contract.

1. **Performance** - The performance bond allows the University to know that even if the contractor fails in its performance, its bonding company has to step in as the contractor and complete the job.
2. **Payment** - Payment bonds guarantee that a contractor's subcontractors, suppliers, laborers and others will be paid for work and materials provided in the course of contracted work, leaving the project lien-free.
3. **Parties** – There are typically three parties to bond agreements. The “principal” is the Contractor/Vendor; the “surety” is the insurance company that underwrites the bond and who agrees, in accordance with the bond terms, to step in should the principal default; the “obligee” (the University) is the party protected by the bond.

University Minimum Liability Insurance Requirements

Following are the required minimum insurance coverages and limits:

Type of Coverage	Amount
A. Worker's' Compensation and Occupation Diseases (Part A).	Illinois Statutory Limits or Statutory Limits for the state in which the company is domiciled
Employer's Liability (Part B)	\$1,000,000 per occurrence
Sole Proprietors are not required to carry Workers' Compensation.	
B. Commercial General Liability (including contractual liability)	
Each Occurrence	\$1,000,000
General Aggregate	\$2,000,000
Products Completed Operation Aggregate	\$2,000,000
Personal and Advertising injury	\$1,000,000
Fire Damage	\$100,000
C. Commercial Auto Liability, if applicable	
Combined Single Limit	
OR	\$1,000,000 per occurrence
Bodily Injury	
Property Damage	\$1,000,000 per occurrence
	\$1,000,000 per occurrence

- Insurance companies have an AM Best Rating of A- VI or better.
- Umbrella liability insurance may be used to meet the general and auto liability coverage limit requirements.
- Waiver of subrogation must be stated on the Certificate of Insurance (COI) form.
- With respect to the required General Liability insurance, the Board of Trustees of the University of Illinois shall be named as an additional insured on a primary and non-contributory basis. (Refer to General Conditions Article 18)
- Subcontractors/Subconsultants must comply with the same underlying insurance coverage requirements as Contractors/PSCs.
- Subcontractors/Subconsultants must submit the required Certificate of Insurance to the primary Contractor/PSC.

When applicable:

Professional Liability/Errors and Omissions: \$1,000,000 each claim; \$3,000,000 annual aggregate.
(*In case of errors and mistakes made on the job*)

Pollution Liability: \$1,000,000 for each occurrence; \$2,000,000 aggregate. *This coverage should be required if the contract involves hazardous materials. (Such as asbestos abatement, hauling of hazardous waste, use of hazardous materials.) Consult with Risk Management on contracts valued at over \$10M.*

The following Professional Liability limits and deductibles apply for Professional Services Consultants:

1. **For Projects with estimated construction costs less than Twenty-Five Million Dollars (\$25,000,000):** the greater of (a) One Million Dollars (\$1,000,000.00) or (b) twenty percent (20%) of the Owner's original estimated construction costs not to exceed Five Million Dollars (\$5,000,000.00) and with a deductible amount of not more than the lesser of (a) five percent (5%) of the limits of the policy or (b) One Hundred Thousand Dollars (\$100,000.00).
2. **For Projects with the Owner's original estimated construction costs of Twenty-Five Million Dollars \$25,000,000.00) or greater:** the Owner shall determine if additional professional liability insurance is required and may require limits up to twenty percent (20%) of the Owner's original estimated construction costs.

The PSC shall submit to Owner a Certificate of Insurance as evidence of said coverage.

All Subconsultants must carry a minimum of One Million Dollars (\$1,000,000) professional liability insurance coverage except as otherwise agreed to in writing by the Owner. The PSC is responsible for collecting Certificate(s) of Insurance evidencing such coverage. However, for projects with estimated construction costs greater than Two Million Dollars (\$2,000,000), the PSC shall submit the Subconsultants Certificate(s) of Insurance to Owner with the Professional Services Agreement.

When claims-made policies are renewed or replaced, any retroactive date must coincide with, or precede commencement of services by Contractor or sub-contractor under this Contract. A claims-made policy that is replaced or not renewed must have an extended reporting period not less than two (2) years.

► **Note:** The coverages and limits outlined in the Contract dictate the insurance for each project. Contractors should be encouraged to share the contract language with their insurance agent so the agent can ensure compliance with the contract requirements.

Things to Look for on a Certificate of Insurance.

- AM Best Rating
- Coverage and Limits
- Term of Coverage
- Board of Trustees as Additional Insured
- Waiver of Subrogation clause
- Other –Project-Specific Information

The first thing to review on the Certificate of Insurance is the AM Best rating. AM Best is a company that provides insurance rating services. An AM Best rating represents an independent opinion of an insurance company's ability to meet its financial obligations (i.e., stay solvent and pay claims.) We require an A- VI or better rating of the insurance companies our contractors use. The same rating applies for professional liability carriers as well as the surety (bonding) companies.

Next check that the necessary coverages and limits are shown. Always required are general liability, auto liability, and workers' compensation. However, certain projects may require additional coverage, such as umbrella liability. Check that the limits of liability meet the contract requirements.

In addition, check to be sure the effective and expiration dates listed for each coverage cover the length of the project. Certificates that expire before the end of the project should be renewed annually and reviewed to be sure they are still in compliance.

The General Liability portion of the Certificate must name the Board of Trustees of the University of Illinois, and others as required, as Additional Insured in reference to the project. This is the only legal entity name for the University and must be shown correctly on the Certificate. Coverage must be on a primary and non-contributory basis.

In the past, we required a 30-day notice of cancellation included on the Certificate. Due to changes in the insurance industry this is no longer feasible. Instead, the burden of notifying the University of any reduction or cancellation of insurance has been contractually transferred to the contractor (refer to Article 18 of the General Conditions).

Other information to be included on the Certificate is the project name and number, the waiver of subrogation, primary and non-contributory wording, and any additional information the issuing agent wishes to impart.

Finally, the certificate holder should include the name and address of the person who should receive and review the Certificate.

Certificate of Insurance Form



HEALEDU-01 ESTILEO

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
8/27/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER MGI Risk Advisors Commonwealth Ins. Group, LLC 1227 Fern Ridge Parkway Saint Louis, MO 63141	CONTACT NAME: Peter K. Baxendale PHONE (A/C, No, Ext): (314) 983-2352 FAX (A/C, No): (314) 993-2837 E-MAIL ADDRESS: pbaxendale@mgi-risk.com <hr/> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">INSURER(S) AFFORDING COVERAGE</td> <td style="width: 30%;">NAIC #</td> </tr> <tr> <td>INSURER A : Hartford Underwriters</td> <td>30104</td> </tr> <tr> <td>INSURER B : Hartford Casualty Ins. Co.</td> <td>29424</td> </tr> <tr> <td>INSURER C :</td> <td></td> </tr> <tr> <td>INSURER D :</td> <td></td> </tr> <tr> <td>INSURER E :</td> <td></td> </tr> <tr> <td>INSURER F :</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A : Hartford Underwriters	30104	INSURER B : Hartford Casualty Ins. Co.	29424	INSURER C :		INSURER D :		INSURER E :		INSURER F :	
INSURER(S) AFFORDING COVERAGE	NAIC #														
INSURER A : Hartford Underwriters	30104														
INSURER B : Hartford Casualty Ins. Co.	29424														
INSURER C :															
INSURER D :															
INSURER E :															
INSURER F :															

INSURED
Health, Education & Research Associates, Inc & Hera Studio, Inc
411 N. Tenth Street, Suite 400 **B**
St. Louis, MO 63101

COVERAGES **CERTIFICATE NUMBER:** **REVISION NUMBER: 3**

INSTR	TYPE OF INSURANCE	ADDL/SUBR	POLICY NUMBER	POLICY EFF	POLICY EXP	LIMITS														
A	COMMERCIAL GENERAL LIABILITY																			
D	<input checked="" type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input checked="" type="checkbox"/> PROJECT <input type="checkbox"/> LOC <input type="checkbox"/> OTHER		84SBAAZ9H2P	9/1/2024	9/1/2025	<table style="width: 100%; border-collapse: collapse;"> <tr><td>EACH OCCURRENCE</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>DAMAGE TO RENTED PREMISES (Per occurrence)</td><td style="text-align: right;">\$ F 1,000,000</td></tr> <tr><td>MED EXP (Any one person)</td><td style="text-align: right;">\$ 10,000</td></tr> <tr><td>PERSONAL & ADV INJURY</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>GENERAL AGGREGATE</td><td style="text-align: right;">\$ 2,000,000</td></tr> <tr><td>PRODUCTS - COMPROP AGG</td><td style="text-align: right;">\$ 2,000,000</td></tr> <tr><td></td><td style="text-align: right;">\$</td></tr> </table>	EACH OCCURRENCE	\$ 1,000,000	DAMAGE TO RENTED PREMISES (Per occurrence)	\$ F 1,000,000	MED EXP (Any one person)	\$ 10,000	PERSONAL & ADV INJURY	\$ 1,000,000	GENERAL AGGREGATE	\$ 2,000,000	PRODUCTS - COMPROP AGG	\$ 2,000,000		\$
EACH OCCURRENCE	\$ 1,000,000																			
DAMAGE TO RENTED PREMISES (Per occurrence)	\$ F 1,000,000																			
MED EXP (Any one person)	\$ 10,000																			
PERSONAL & ADV INJURY	\$ 1,000,000																			
GENERAL AGGREGATE	\$ 2,000,000																			
PRODUCTS - COMPROP AGG	\$ 2,000,000																			
	\$																			
A	AUTOMOBILE LIABILITY																			
	<input type="checkbox"/> ANY AUTO OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY		84SBAAZ9H2P	9/1/2024	9/1/2025	<table style="width: 100%; border-collapse: collapse;"> <tr><td>COMBINED SINGLE LIMIT (Per accident)</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>BODILY INJURY (Per person)</td><td style="text-align: right;">\$</td></tr> <tr><td>BODILY INJURY (Per accident)</td><td style="text-align: right;">\$</td></tr> <tr><td>PROPERTY DAMAGE (Per accident)</td><td style="text-align: right;">\$</td></tr> <tr><td></td><td style="text-align: right;">\$</td></tr> </table>	COMBINED SINGLE LIMIT (Per accident)	\$ 1,000,000	BODILY INJURY (Per person)	\$	BODILY INJURY (Per accident)	\$	PROPERTY DAMAGE (Per accident)	\$		\$				
COMBINED SINGLE LIMIT (Per accident)	\$ 1,000,000																			
BODILY INJURY (Per person)	\$																			
BODILY INJURY (Per accident)	\$																			
PROPERTY DAMAGE (Per accident)	\$																			
	\$																			
A	UMBRELLA LIAB																			
	<input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> OCCUR <input type="checkbox"/> RETENTIONS 10,000		84SBAAZ9H2P	9/1/2024	9/1/2025	<table style="width: 100%; border-collapse: collapse;"> <tr><td>EACH OCCURRENCE</td><td style="text-align: right;">\$ 6,000,000</td></tr> <tr><td>AGGREGATE</td><td style="text-align: right;">\$ 6,000,000</td></tr> <tr><td></td><td style="text-align: right;">\$</td></tr> </table>	EACH OCCURRENCE	\$ 6,000,000	AGGREGATE	\$ 6,000,000		\$								
EACH OCCURRENCE	\$ 6,000,000																			
AGGREGATE	\$ 6,000,000																			
	\$																			
B	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY																			
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/OWNER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N N/A	84WBCTI3485	9/1/2024	9/1/2025	<table style="width: 100%; border-collapse: collapse;"> <tr> <td><input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER</td> <td></td> </tr> <tr><td>E.L. EACH ACCIDENT</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>E.L. DISEASE - EA EMPLOYEE</td><td style="text-align: right;">\$ 1,000,000</td></tr> <tr><td>E.L. DISEASE - POLICY LIMIT</td><td style="text-align: right;">\$ 1,000,000</td></tr> </table>	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER		E.L. EACH ACCIDENT	\$ 1,000,000	E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000	E.L. DISEASE - POLICY LIMIT	\$ 1,000,000						
<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER																				
E.L. EACH ACCIDENT	\$ 1,000,000																			
E.L. DISEASE - EA EMPLOYEE	\$ 1,000,000																			
E.L. DISEASE - POLICY LIMIT	\$ 1,000,000																			
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required) PLEASE NOTE: \$2,000,000 Primary Professional Liability combined with \$2,000,000 Excess Professional Liability provides a total Professional Liability Coverage of \$4,000,000 Per Claim / \$4,000,000 Aggregate. Project Name#: U18037PRI-Natural History Survey Wet Collections Feasibility Study Certificate holder is additional insured with waiver of subrogation on general liability policy if required in written contract prior to loss. G																				

CERTIFICATE HOLDER University of Illinois Board of Trustees 352 Henry Administration Building 506 South Wright Street H Urbana, IL 61801	CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS. AUTHORIZED REPRESENTATIVE <i>James W. Baxendale</i>
--	---

ACORD 25 (2016/03) © 1988-2016 ACORD CORPORATION. All rights reserved.
The ACORD name and logo are registered marks of ACORD

Key to Certificate of Insurance

A = Date form issued – want it to be current

B = Named Insured (policyholder)

C = Insurance company – look up AM Best rating

D = Type of coverage

E = Policy effective and expiration dates

F = Limits of insurance

G = Project-specific information and additional coverage information (project number, location, coverage information, additional interest wording)

H = Certificate holder name and address

2. Builder's Risk Insurance

- A. What is it?
- B. Builder's Risk Exceptions
- C. Who provides Builder's Risk Insurance?
- D. What is Required?

A. What is it?

Builder's Risk insurance is designed to provide coverage for loss or damage to a building under construction and generally insures the construction project in its entirety as opposed to a specific component, such as a roof. The BR coverage protects the individuals or organizations engaged in the construction, the owner, and any additional interests such as lending institutions.

Builder's Risk insurance can be written on either a completed value (total cost of construction) or a reporting form basis (values reported to insurer on a monthly basis). In both cases the total cost of construction is used as the BR policy limit. The University uses the completed value method.

Fixtures, machinery, equipment used to service the building, and building materials and supplies used in the construction (if located within 100 feet of the premises, and they will eventually become a permanent part of the building) are covered under the typical BR form. Owner-supplied materials and equipment shall be covered under the BR as long as they will become a permanent part of the building, and their value is included in the totals to be insured. It's important to notify the contractor obtaining the BR of any owner-supplied materials and/or equipment so they can include those values when purchasing the BR.

A BR policy typically includes coverage for direct physical loss to the building caused by:

- Fire
- Smoke
- Lightning
- Hail
- Windstorm
- Water Damage (except for true overflow of a body of water – Flood)
- Weight of Snow, Ice, Sleet
- Back up of Sewers and Drains
- Explosion
- Motor Vehicles
- Aircraft
- Vandalism and Malicious Mischief
- Theft

B. Builder's Risk Exceptions

What is NOT Covered

Business personal property (office furnishings, computers, shelves, and office machinery such as copiers, etc.) is not typically covered under a BR policy. Instead, items such as these can be covered under other insurance programs. See page 23 for further clarification.

Land and landscaping are also not covered under a typical BR form, although the policy may include a small sub-limit for landscaping. However, if this was a major aspect of the project the policy could be endorsed to add coverage. Additional premium for this added coverage is based on the BR rates at the time the insurance policy is issued.

- Business personal property including office furnishings, computers, shelves, etc.
Contact RM to initiate coverage.
- Existing property at the location.
- Contractor's tools, machinery, plant and equipment including spare parts and accessories.

▶ **Note:** RM should be notified in the event of a loss involving bullet points 1 and 2 above.

Projects Where Builder's Risk is NOT Required

- Demolition projects
- General site work (interpreted as grading of land)
- Installation of live plants, unless part of a larger project
- Seasonal (such as installing holiday decorations)
- Projects with no structures (parking lots, sidewalks)
- Projects cosmetic, not structural in nature, such as affixing signage, painting, etc.

C. Who Provides Builder's Risk Insurance?

The entity (Contractor or Construction Manager (CM)) identified in Front-End documents (00-10-00 section 2) will be responsible for providing the BR; hereinafter known as the designated Contractor. The following are guidelines outlining who is responsible for providing the BR coverage on a project.

- **Designated Contractor with Assigned Subcontractors** – Designated Contractor provides the BR and is responsible for the deductible.

-
- **Construction Manager or Designated Contractor without Assigned Subcontractors** - CM or Designated Contractor with the most involvement, not necessarily the highest contract amount, will be responsible for providing the BR for the entire project. During the design phase the University Planner/Project Manager/Architect/Engineer will determine which contractor will have the most involvement in the project. The CM or Designated Contractor is ultimately responsible for the policy deductible; however, the contractor whose work is damaged must work with the insurance carrier to make sure the project is made whole. If multiple contractors work is damaged, those contractors involved in the loss must work together with the BR insurance carrier to adjust the claim.

► **Note:** The deductible should be per the guidelines listed in Article 19 of the General Conditions. If the CM or Designated Contractor wishes to employ a different deductible amount, Risk Management should be contacted to review the request.

D. What is Required?

BR coverage must be in place **at the start of construction**. The insurance must be written for 100% of the construction value (referred to as completed value), including any owner-supplied materials and/or equipment that is intended to become a permanent part of the building. The policy must cover the interests of the contractor(s), owner, subcontractor(s), and others as designated by the University. Article 19 of the General Conditions provides complete details of the BR requirement.

In certain circumstances additional BR coverage requirements may apply (Flood, Earthquake, and/or Delay in Completion).

- **Delay in Completion** – This can be defined as the time beyond the scheduled completion date and the date when the work is actually completed and we are able to put the building to use. The delay in completion must arise out of direct physical loss to the project. Depending on the project, such a delay can result in financial loss to the University. For instance, if a residence hall is not completed on time and prevents move-in Housing may incur expenses when they have to make other living arrangements for the students. Another example is the revenue lost when a project at a venue isn't completed and shows have to be cancelled. Delay in Completion coverage includes hard and soft costs. Hard costs refers to direct construction costs such as labor and materials. Soft costs are non-construction costs such as loss of earnings, extra expense, taxes, fees, finance charges, etc. The types of projects that might require this coverage include Auxiliary Facility System buildings (Housing, Parking, Campus Rec, and the Health Services Facility System for example), Laboratory/Research buildings (because the activities conducted within the building cannot be easily relocated), Bond-financed buildings. RM will consult with the end-user during the planning phase to determine the need for this coverage. If the

coverage is required, the end-user must complete a 'soft cost' worksheet and the values will become part of the BR coverage. RM will provide current BR rates from which the cost for the additional coverage can be estimated.

- **Flood** – Our definition of Flood is that it is the overflow of a body of water onto normally dry land. This coverage will be required rarely, but will be needed if a project is near a body of water, such as along the UIUC Boneyard Creek, and consists of sub-grade work or a large first floor project. The coverage limit should be equal to the completed value of the project or \$5,000,000, whichever is less. The deductible may be up to \$25,000. The need for this coverage should be determined during the planning phase. RM will provide current BR rates from which the cost for the additional coverage can be estimated.
- **Earthquake** – Coverage should include loss due to conditions in the earth's crust that cause movement (tectonic). This coverage may be required for large projects in the lower half of the state (see map at end of this document). The coverage limit should be equal to the completed value of the project or \$5,000,000, whichever is less. The deductible may be up to \$25,000. Again, the need for this coverage should be determined during the planning phase. RM will provide current BR rates from which the cost for the additional coverage can be estimated.

If, at the outset of a project, it is determined that Delay in Completion, Flood, and/or Earthquake are required, the terms will be included in the bidding documents. These coverages would then also need to be listed on the evidence of property insurance form.

Process to Review Project for Additional Insurance Coverage Needed

The Process Flowchart at the end of this document depicts an overview of the process. Within the Process Flowchart, there are number call-outs which correspond to the process steps below.

Criteria: New buildings or additions that add square footage going up, down, or across to existing buildings.

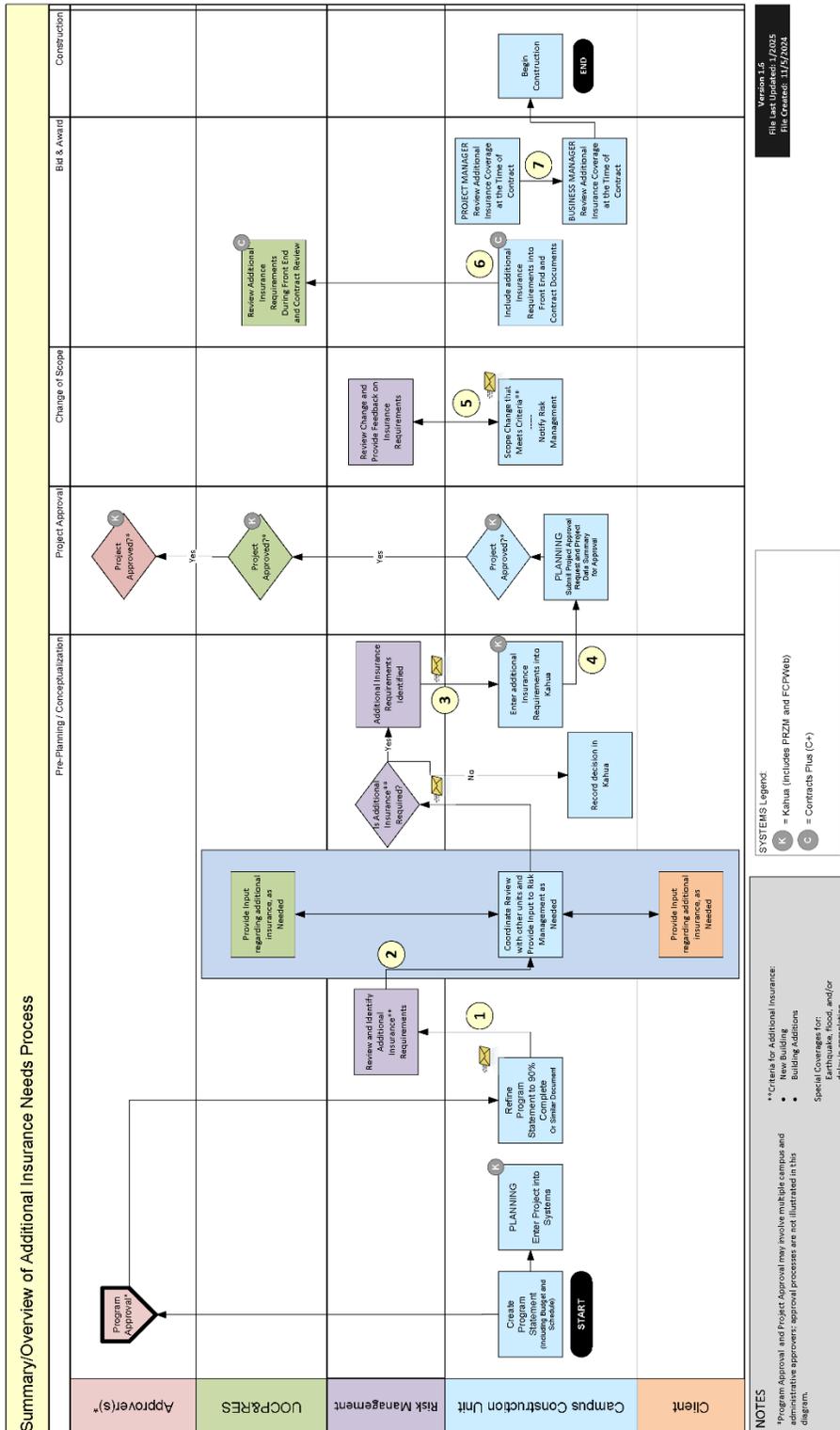
Process:

1. The Project Manager (PM) will send an e-mail to the Office of Risk Management (RM) containing all information from a Program Statement or similar document whenever a Capital Construction Project involves New Construction or adds square footage to an existing building. Minimum required information:
 - General Information, including project name/number, scope statement, estimated construction cost, square footage, type of construction (brick, frame, pole barn, etc.)
 - End user contact name and number.
 - Is the building within 100ft of a body of water?
 - Will there be a basement?
 - Will the basement house the building mechanicals and/or any high-value, specialized equipment (MRI, servers, etc.)?
 - Is the project south of Sangamon County (refer to The Illinois County Zone Map at the end of this document, which shows dividing lines for affected counties)?
 - Is it new construction or an addition?
 - Is the estimated construction cost \$5 million or above?
 - Is the building part of the Auxiliary Facility System (comprised of Housing, Parking, Student Activities [student union, recreation and athletic facilities, student service bldgs.]?)
 - Will the building be used primarily for scientific research?
 - Is the project being financed through sale of bonds or certificates of participation?

2. Risk Management will review information provided; if RM has questions, they will contact PM and UOCPRES, as appropriate. Discussions may also include business managers and other stakeholders which the PM will help facilitate. As information about cost of construction and amount of risk is further assessed, RM will decide on whether any type of additional coverage is needed (Earthquake, Flood and/or Delay in Completion).

-
3. RM will e-mail additional coverage requirements to the PM and UOCPRES and estimated cost(s) to be included in the project's budget. If RM has identified the need for Delay in Completion coverage, RM will work with the project's stakeholders to ensure the Soft Costs Coverage worksheet is completed correctly. This worksheet does not need to be completed prior to Project Approval but will need to be completed prior to bidding to help contractors identify additional coverage costs in their bid.
 4. FCP Web PDS will be updated by the PM to identify the additional insurance requirements prior to Project Approval. Entries will be verified during Front End document generation by CCU and UOCPRES.
 5. If the project has a scope change that will add square footage to an existing building or involves a new building, the PM will send an e-mail to RM and copy UOCPRES to review the scope change to determine if additional insurance is required. If required, the additional insurance will be added to FCP Web.
 6. PM will incorporate additional insurance requirements (identified in FCP Web PDS) into contracts /construction front end documents for PSC/bidder to include in pricing.
 7. Business Manager and PM are responsible for verifying that additional insurance requirements are included on builder's risk evidence of coverage and any other certificate of liability insurance certificates, prior to contract award. RM is available to respond to specific questions about the evidence and certificates but does not routinely review the forms.

The Process Flowchart



The Illinois County Zone Map



Things to Look for on an Evidence of Property.

- AM Best Rating
- Term of Coverage
- Types of Coverage
- Limits and Deductibles
- Board of Trustees as Additional Insured, and others as designated in Article 19
- Waiver of Subrogation clause
- Notice of Cancellation
- Remarks/Other – Project-specific information

Evidence of BR coverage should be shown on the evidence form issued on behalf of the insured contractor. The most common form is known as Evidence of Property (EOP) but you might also see it called Certificate of Property Insurance.

When reviewing the EOP, start with the AM Best Rating. AM Best is a company that provides insurance rating services. An AM Best rating represents an independent opinion of an insurance company's ability to meet its financial obligations (i.e., stay solvent and pay claims). We require an A- VI or better rating of the insurance companies our contractors use. The same rating is required of professional liability carriers as well as the surety (bonding) companies.

Check to be sure the effective and expiration dates listed cover the length of the project. Coverage that expires before the end of the project should be renewed and a new evidence form issued and reviewed to be sure it is still in compliance.

Next, check that the necessary coverages, limits, and deductibles are shown. BR and 100% of the construction value should be listed. Was Flood, Earthquake, or Delay in Completion required on the project? If so, are those coverages and correct limits shown? Also, it is acceptable if the agent issuing the evidence lists other coverages and limits, such as transit or temporary storage.

The EOP must name the Board of Trustees of the University of Illinois as Additional Insured. This is the only legal entity name for the University and must be shown correctly on the form. Many times, this information is listed under the "Remarks" section of the form. Other entities may need to be listed as well (see Article 19 of Document 00 70 00 – General Conditions).

Are any Exclusions listed? If so, do they meet the exclusions we will allow (see Article 19 of Document 00 70 00 - General Conditions)?

In the past, we required a 30-day notice of cancellation included on the EOP. Due to changes in the insurance industry this is no longer feasible. Instead, the burden of notifying the University of any reduction or cancellation of insurance has been contractually transferred to the contractor (refer to Article 19 of the General Conditions).

Other project-specific information should also be included on the EOP, such as the project name, number, and address, and the waiver of subrogation.

Finally, the Additional Interest section should include the name and address of the person who should receive and review the EOP.

Evidence of Property Insurance Forms



EVIDENCE OF PROPERTY INSURANCE

A

DATE (MM/DD/YYYY)
08/09/2018

THIS EVIDENCE OF PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

AGENCY Connor & Gallagher Ins. Serv. 750 Warrenville Road, Ste. 400 Lisle, IL 60532 Thomas W. Connor		PHONE (A/C, No, Ext): 630-810-9100		COMPANY Amerisure Insurance Company Credit/Coll-C/S Dept PO Box 2060 Farmington Hills, MI 48333-2060	
FAX (A/C, No): 630-810-0100		E-MAIL ADDRESS:		B	
CODE:		SUB CODE:			
AGENCY CUSTOMER ID #: MCWIL-1		LOAN NUMBER		POLICY NUMBER CPP20869490501	
INSURED ABC Company 123 Main Street Any Town, USA 61801		C		EFFECTIVE DATE 03/31/18 D	
		EXPIRATION DATE 03/31/19		<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED	
THIS REPLACES PRIOR EVIDENCE DATED:					

PROPERTY INFORMATION

LOCATION/DESCRIPTION Project #U17041, Veterinary Teaching Hospital - Small Animal Surgery Renovation & Expansion	E
--	---

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGE INFORMATION

COVERAGE / PERILS / FORMS	AMOUNT OF INSURANCE	DEDUCTIBLE
Builder's Risk, All Risk, Special Form	60,501,200	10,000
Temporary Storage	2,000,000	
Transit	2,000,000	
Flood	5,000,000	100,000
EQ	5,000,000	100,000
Delay in Completion	2,500,000	24 hrs

REMARKS (Including Special Conditions)

Waiver of Subrogation in favor of the Board of Trustees of the University of Illinois	G
---	---

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

ADDITIONAL INTEREST

NAME AND ADDRESS Board of Trustees of the Univ of IL 506 S Wright Street Urbana, IL 61801	MORTGAGEE <input checked="" type="checkbox"/>	ADDITIONAL INSURED
	LOSS PAYEE <input type="checkbox"/>	
	LOAN #	AUTHORIZED REPRESENTATIVE

ACORD 27 (2009/12)

© 1993-2009 ACORD CORPORATION. All rights reserved.

The ACORD name and logo are registered marks of ACORD

Key to Evidence of Property Form

A = Date form issued – want it to be current

B = Insurance company - look up AM Best rating

C = Named Insured (policyholder)

D = Policy effective and expiration dates

E = Project-specific information (project number, location, etc.)

F = Type of coverage and limits of insurance and deductibles

G = Additional coverage information (additional interest wording, special endorsements, exclusions, etc.)

H = Certificate holder name and address and additional interest status

Non-Permanent Property Coverage.

Non-permanent property coverage, such as contents including furniture, fixtures, equipment, etc., can be procured in different ways. How it is procured will determine who provides coverage and for how long.

1. Department/CCU bears the risk of loss or damage for Department/CCU purchased property (contents including furniture, fixtures, equipment, etc.) whether installed by Department/CCU or contractor, until the project is substantially complete. Contact RM if the Department/CCU is purchasing non-permanent property.
2. Property purchased by the Designated Contractor shall be insured by said Designated Contractor under its property policy or endorsed onto the BR policy purchased for the project. Coverage shall be on a replacement cost basis for 100% of the value of the non-permanent property and shall remain in force until the project is substantially complete. Designated Contractor shall be responsible for any deductible.

► **Note: Substantial Completion** – If the Department is part of the Auxiliary Facility System they must continue to insure and pay for the contents after substantial completion. For Academic units the Campus pays insurance premium.

Property Insurance for FF&E

If a certain Division of Work (DOW) is buying and installing Builder's Risk Insurance on a project the Contracts+ question should be marked 'Yes' and that will cause the clause in Front End bidding document 00 10 00 section 2.8.A to include property insurance coverage.

Builders Risk Insurance Provided? <	Yes - Contractor	
DOW Providing Builders Risk	01 - General Work	
Property Insurance Purchased? <	<input checked="" type="radio"/> Yes <input type="radio"/> No	
DOW Providing Property Insurance	01 - General Work	
Owner Purchased Permanent Equipment Value	100,000.00	USD

2.7 Builder's Risk/Property Insurance.

2.7.A Builder's Risk Insurance, pursuant to General Conditions Article 19, shall be provided by Division 01 - General Work for the entire Project as determined by the Owner. Owner-purchased building materials and supplies, equipment, machinery and fixtures intended to become a permanent part of the project valued at \$ 100,000.00 USD-- shall be included in this Builders Risk Insurance coverage

Claim Reporting

Resolution of a claim involves several steps from first report to final settlement. An understanding of the steps involved will make the claims process go more smoothly.

- Report promptly
- Protect property from further damage
- If water is involved, begin remediation and drying immediately
- Photograph or videotape the damage
- Do not discard or destroy any involved property

Insurance policies require prompt reporting of any incident which may give rise to a claim. The contractor providing the Builders Risk coverage should report the claim to their insurance carrier; however, Risk Management should also be notified. This will allow us to monitor the situation, and also notify our insurance carriers if necessary.

The BR policyholder is also required to mitigate the loss once the event has occurred. For example, cover openings so that any impending bad weather won't cause more damage; or when water damage is involved begin the drying process as soon as possible.

Document the loss from the beginning. This helps prove the extent of the loss in the event the claims adjuster can't get to the site immediately.

Do not discard or destroy any involved property until the claims adjuster gets to the location and gives permission to do so.

What to Report — Just the Facts

- Who – Contact name including email and phone/cell/pager number for coordinating the loss inspection.
- What – Cause of the loss - fire/wind/water/vandalism, etc.: What is the extent of damage? Cost Estimate?
- When – Date and time of loss.
- Where – Location of loss: building name/number and street address.
- Why – If there is any explanation of the loss that can be identified, a brief description should be included.

Loss or damage to existing University property (the building being remodeled, added onto, etc.; or an adjacent building) should be reported to the Office of Risk Management as soon as possible so that proper notice can be provided to the University's property insurance carrier.

To report to Risk Management, please contact Lance Lyell by email (lancel@uillinois.edu) or calling 217-333-3113.

Websites/Contacts

Risk Management Website/Contact:

<http://www.uirisk.uillinois.edu>

Tori Hill

vd15@uillinois.edu

217-265-0874

Lance Lyell

lancel@uillinois.edu

217-300-0793

UOCP&RES Main Website/Contact:

<http://www.uocpres.uillinois.edu>

Chris Rogan

crogan@uillinois.edu

217-333-5688

OBFS Manual Insurance Section 6:

<https://www.busfin.uillinois.edu/bfpp/section-6-insurance>