

**PAN AMERICAN INSURANCE GROUP**

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July 15, 2013

School Board Of Broward County
C/o Grace & Naeem Uddin, Inc.
833 Shotgun Road
Sunrise, Fl 33326

Re: OCP Insurance Requirements from SBBC under Warranty Period
Designated Contractors: Grace & Naeem Uddin, Inc.

To whom it may concern;

It has once again been brought to our attention that our mutual client Grace & Naeem Uddin, Inc. (GNU) is having problems with the receipt of payment on several projects done for the SBBC which required Owners Contractors Protective Liability (OCP) insurance coverage.

From November 8th, 2012 to the 19th, I communicated back and forth with Mr. Aston A. Henry (Risk Manager for the SBBC). In my communications with Mr. Henry, I explained to him that we could not issue or find any insurance carrier to issue an OCP policy for projects that were complete and under the warranty period. As I explained in detail to Mr. Henry (see attached copy of my email for reference), GNU's General Liability policy would pick up the completed operations exposure for those projects the SBBC was requiring OCP's on.

Before responding and communicating with Mr. Henry, I consulted this matter of concern with the FAIA to assure we did not miss something or that we might be wrong in our understanding of the OCP coverage as well has researched this matter with IRMI. They also concured with us, in that, OCP's do not provide coverage for completed operations as this is an exposure best covered under the contractors General Liability insurance policy.

For the record, OCP policies, an often-proposed solution to the aggregate limits problem with general liability policies, provide limited coverage for the Entity's interests only. They insure only the Entity's liability arising out of operations performed by the contractor for your Entity at the project location, or liability arising out of acts or omissions in connection with the general supervision of the project. OCP policies do not, for example, provide coverage for:

- contractual liability;
- injury resulting from the Entity's activities beyond the general supervision of the contractor's operations; and
- claims alleging joint liability or sole liability of the owner.

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If the insurer is not willing to provide an additional insured endorsement with the required modifications under the Contractors general liability policy, then an OCP policy is usually an acceptable alternative for the owner of the project.

Moreover, should there be a covered BI/PD claim in respects to the work performed by GNU, the SBBC has always been named as an Additional Insured on GNU's policies. Including Waiver of Subrogation in their favor and Primary/Non-Contributory also in their favor. Hence the need for an OCP once a project that is complete and under a "warranty" period is mute and in my opinion not valid or even a feasible request.

We strongly suggest that you review the attached ISO form CG 0009 12/07 for further clarification on intent of coverage under an OCP liability form. Specifically terms under insuring agreement (2) and Exclusions (b) Contractual Liability and (c) Work Completed or Put to Intended Use.

Unfortunately, at this point there is no possible way that our client will be able to procure an OCP policy for those project listed on the attached spreadsheet. **The cost of an OCP policy at the time these projects commenced to our insured would have been \$1.77 per \$1000 of construction cost.**

Should you have any questions and/or need further clarification on this matter, please feel free to contact the FAIA or IRMI both entities who are very knowledgable in all areas of insurance and risk management. I will gladly also answer any questions you may have in this respect.

Sincerely,

Melissa V. Cruz, AAI
Account Executive