

**Board of Governors – State University System of Florida
Budget, Finance and Business Operations Committee (BFBOC)**

**Shared Services Task Force
Builders Risk Management**

BOG Lead: Ann Duncan, Co-Chair
Additional Members: Rick Walsh, UCF, Co-Chair

Lead Staff: Ken Jessell
FAU

Overview: Builders Risk Insurance is a form of property insurance that covers owners and builders for projects that are under construction, renovation or repairs. This type of insurance provides coverage for losses resulting from a variety of risks, such as fire, hurricanes, rain, vandalism, and theft. Currently, policies are underwritten on a project-specific basis, and the cost would be determined by the amount of risk exposure. This Shared Services initiative is exploring the possibility of achieving lower insurance costs through a Master Builder’s Risk Program that is based upon a larger construction program instead of a project-specific basis.

Goals and Deliverables: The ultimate goal is to lower the cost of obtaining Builders Risk Insurance, and these savings will be redirected to building construction. It is believed that this goal is possible through a Master Builder’s Risk Program that will include the entire construction program of a university or a group of universities in order to maximize economies of scale. In essence, it is believed that some risks can be reduced through diversification – expanding the program over many construction projects – and that the lower risk will result in lower premiums. Additionally, a Master program would potentially reduce the administrative costs associated with the placement of builder’s risk insurance. Both FAU and UCF have started the process, with an active ITN for FAU and a RFP for UCF.

Shared Services – Builders Risk Management

Actions/Deliverables	Lead Person(s) Responsible	Start Date		End Date		Comments
		Planned	Actual	Planned	Actual	
Development of Master Builder’s Risk Program	Ken Jessell and Charles (Gene) Young – FAU; Lee Kernek, UCF; Jennifer Mwaisela, FIU	Dec. 2008	Dec. 2008	June 2009		ITN and RFP previously issued. Examining the possibility of combining process and expanding to include other universities. Update 5-28-09: An award is being made to PRIA Public Risk Insurance Agency by FAU. The contract is non-exclusive and can be utilized by any of the 11 universities. It appears that this policy will be 20% to 30% less expensive. It provides fixed rate structure regardless of season and location and gives the universities more flexibility in customizing the covered risks for each construction project, thereby lowering costs even more where prudent and appropriate.