

25TH ANNUAL



25TH LCI CONGRESS
OCTOBER 24-27, 2023

IPD Assembly Line: Partnering with your Insurance Carrier



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25 YEARS OF LEARNING: SUPERCHARGE YOUR LEAN JOURNEY IN THE MOTOR CITY

Wednesday, October 25, 2023

Problem Statement

It all started at a Lean coffee.....



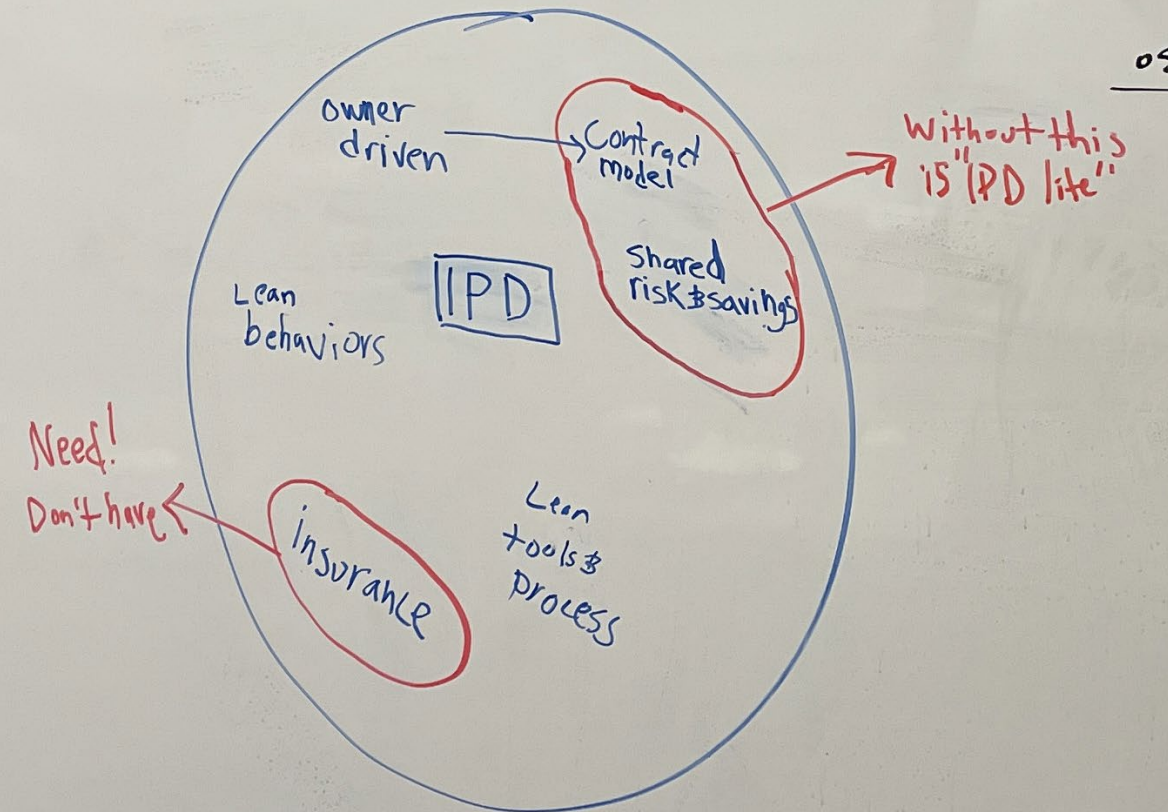
CP +

MOST IMPORTANT / HOW TO CONTRIBUTE

- Team Culture

Owner Participation

- Involve in Lean activities
- Use on site
- Think Lean is fast & cheap



Key Points

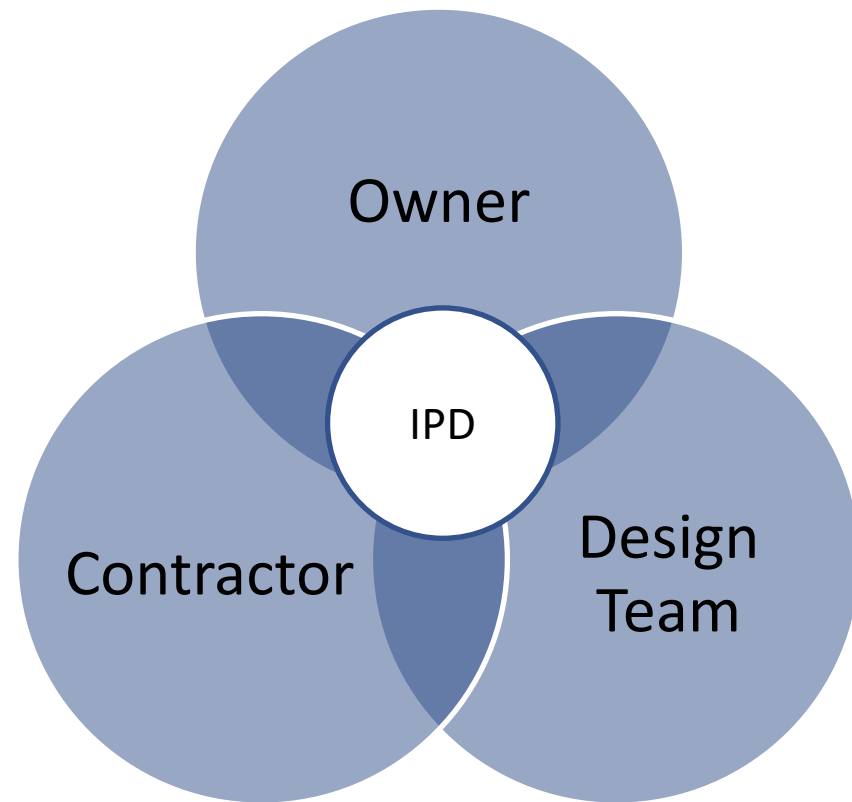
- 1 Partnering with Insurance
- 2 Viewing Risk Differently
- 3 Underwriting Challenges
- 4 Engaging for Success



Insurance is a Stakeholder

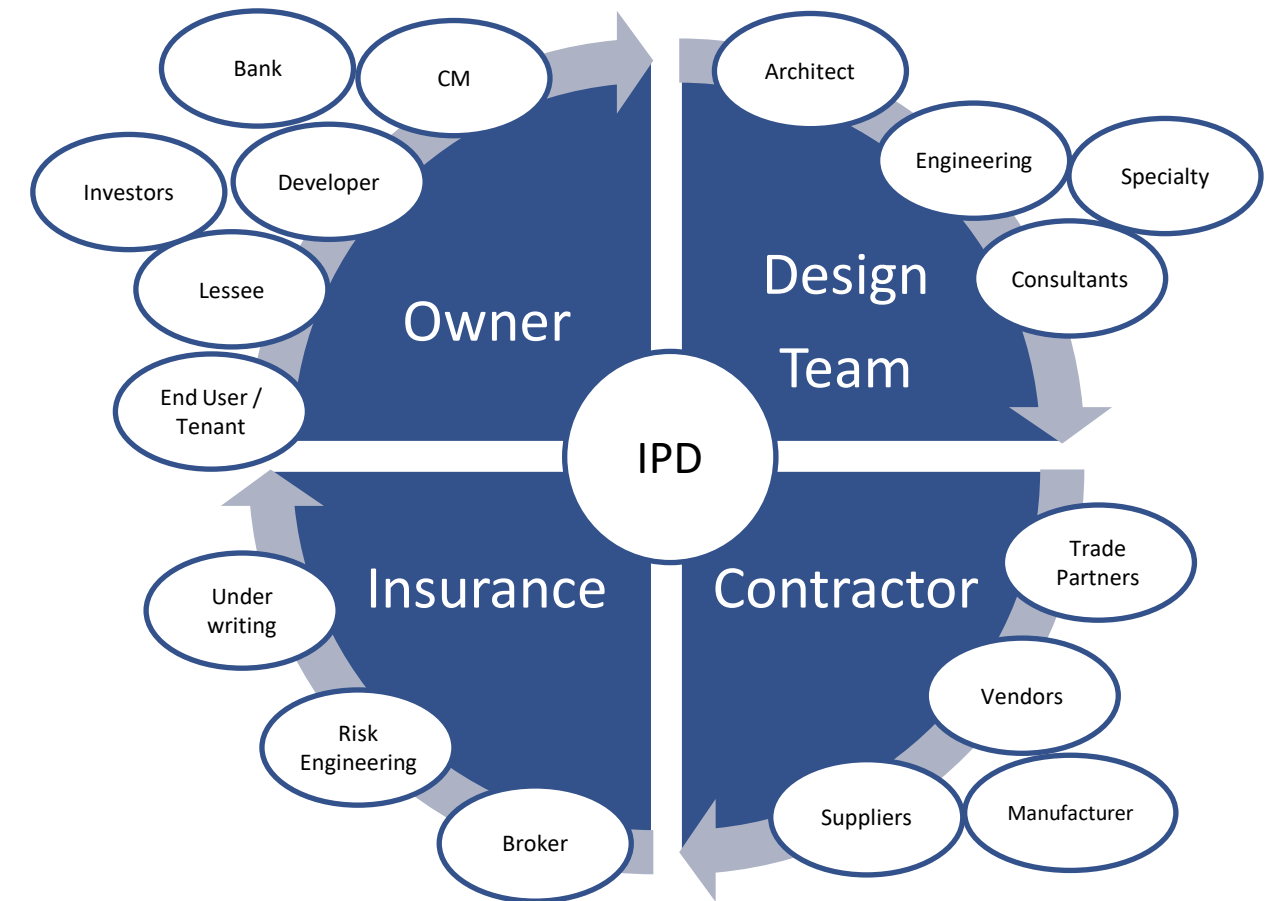


IPD Stakeholders



Contract Model

Where is the Insurance?
Who buys the coverage?
How is coverage triggered?



Behavior Model

Risk Viewed Differently



Risk is Different. It Should be Viewed Different.

Mass Timber



Climate / Environmental



Integrated Project Delivery (IPD)



Insurance Carrier's Differing Views on IPD



Perspective-can vary depending on their individual assessments of the project, review of contract language, and the insured companies' overall approach and experience



Some may view IPD with caution because it is a relatively new and there may be concerns about confidentiality and liability if something goes wrong



Allows projects to divert claims, by recognizing problems earlier



Provides tools for successful outcomes and better dispute resolution, to get back on track

What Matters Most



Maximizes partnerships,
knowledge, project outcomes



Aligns Goals & Expectations



Improved Quality Control



Encourages Collaboration



Establishes a culture of
trust & respect



Quicker Resolution of
issues and disputes



Knowledge Sharing



Information & Data Transparency



Breeds Innovation & New Ideas



Higher Efficiency with Less Friction



Risk Mitigation- Costs



Risk Mitigation- Schedule Delays

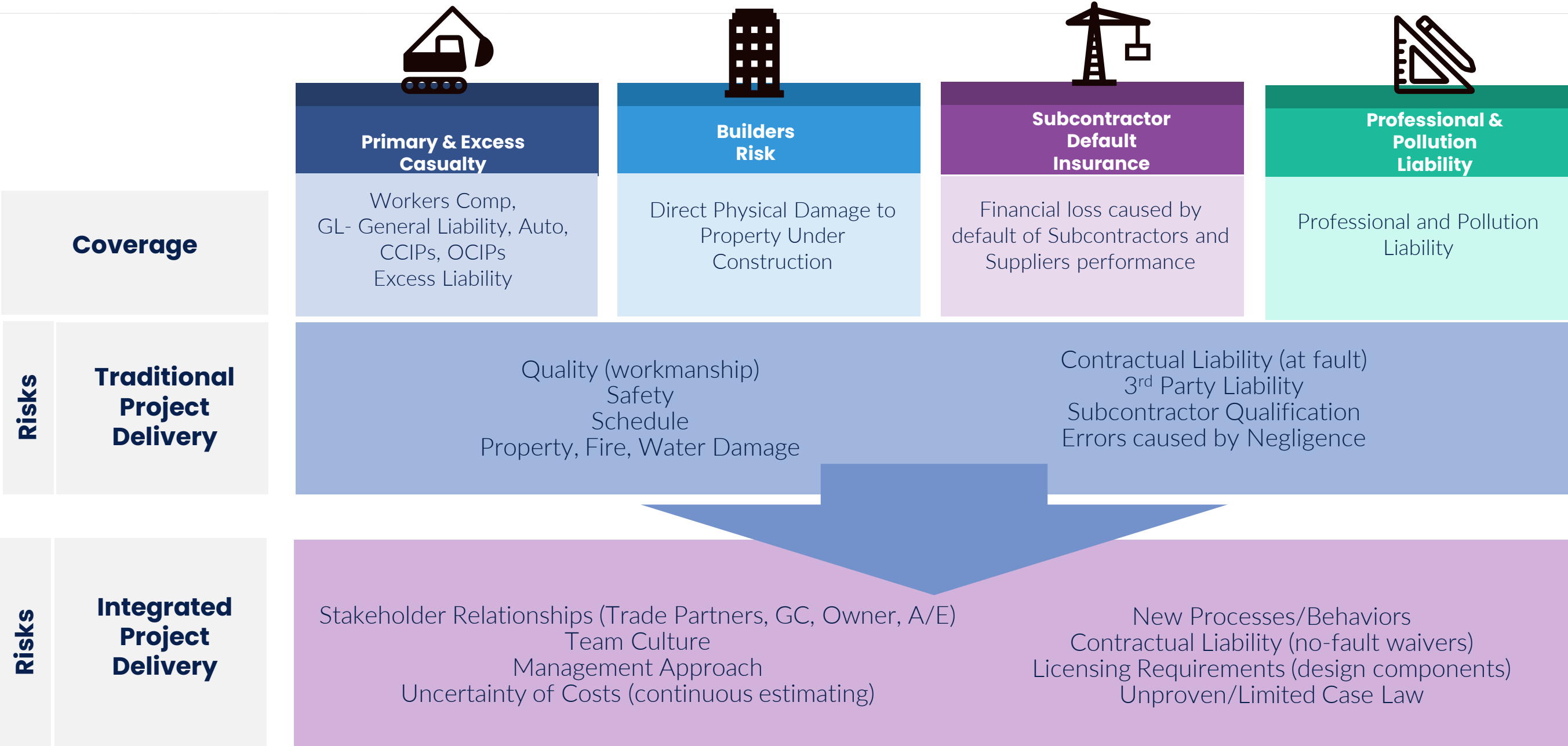


There is still Risk with IPD

IPD is a way to deliver a project. It's not a magic wand that eliminates risk. There are a different set of risks, coverages, and perils, to be considered.



Different Risk Considerations



IPD Training is a Preventative Risk Measure

Lean Behaviors

- Changes the way people behave on projects
- Makes projects more reliable, better quality, reducing risk

Risk Mitigation Planning

- Identify and mitigate risks early in the design and construction phases
- Reduces the likelihood of errors, changes, defects, or costly rework

Shared Responsibility

- Shared responsibility for project success, meeting project specifications, and timelines
- Lowers potential claims costs due to fewer unexpected expenses or delays during construction



Underwriting Challenges for IPD



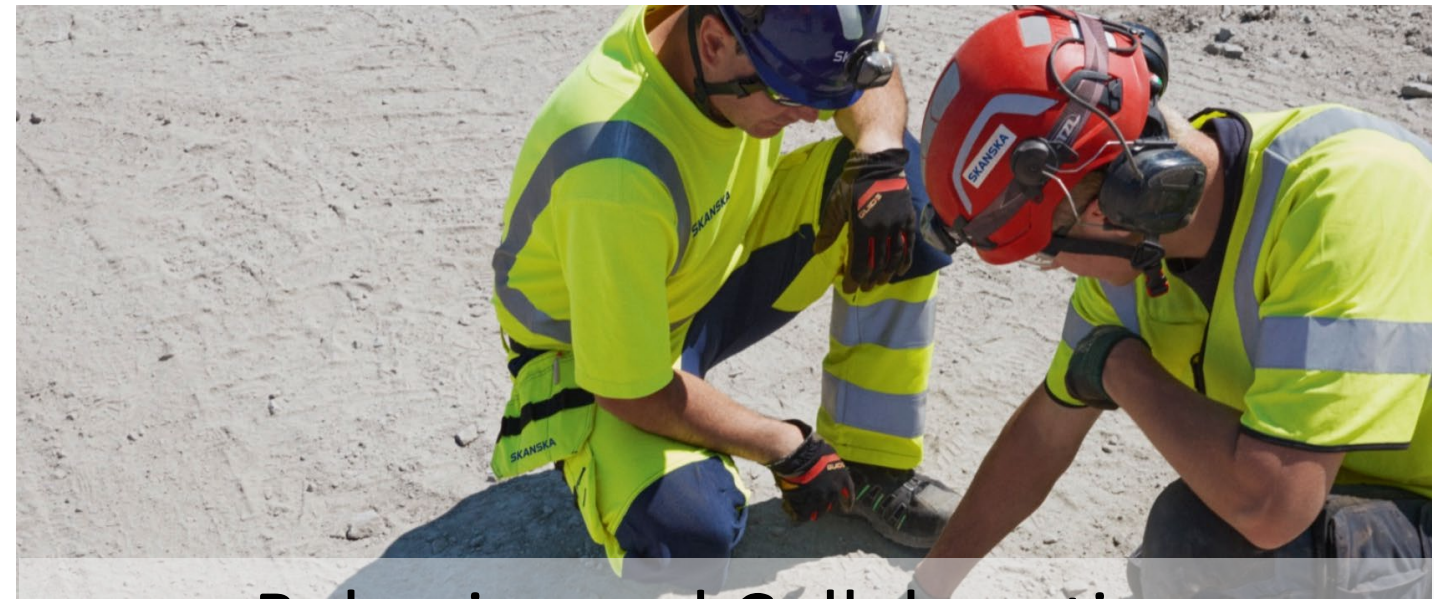
We Insure



Perils and Events



We Don't Insure



Behavior and Collaboration

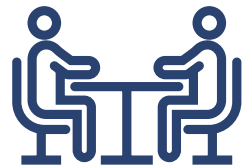


IPD Insurance Doesn't Exist

Insurance Policy insures against specific perils that are covered regardless of contract arrangement



Requires close collaboration and engagement between carrier, broker, owner, and contractor to determine what coverages and options will work best for the project



Must consider stakeholder relationships, culture on the project, estimating uncertainty, and liability



The financial risk and profit sharing, is not typically covered under any policy

The Challenge with Risk & Liability

All the behaviors of IPD and Lean are good...

- But how risk & liabilities are identified and assigned
- But IPD contracts can create a risk that wouldn't exist if you didn't have that type of contractual arrangement
- But the contractual arrangement of shared risk and rewards among all prime party stakeholders

... poses the challenge for writing coverages



Experience Plays a Role

Insurance coverage is primarily based on experience and plays a role to determine proper coverage

Being able to execute IPD well reduces risk, it's not the contract that will do that

How the company supports IPD and the resources committed to the project, is equally important



Requirements for Seeking Coverage

Before the job starts:

- Have a plan, Tell us the plan
- Show us your experience as an IPD Team
- Identify all the stakeholders
- Outline the prequalification process
- Size of risk pool
- Intent of risk pool
- Impact to GL exposure
- Training and support provided to IPD teams

We are asking about these things, and someone is giving us the answer, but we need those answers to be coming from the people in this room.

Engage with your Insurance Carrier



Engage for Success

- IPD projects are transparent in how they operate, that's happening, but we don't know about it
- Partner with your insurance carriers Risk Engineering Team to support IPD and Lean behaviors
- Invite the carrier to walk the project and attend training
- Invite the carrier to conduct project reviews, host training, and perform benchmarking
- Provides value to all stakeholders



Show and Tell

- Be willing and prepared to show what is happening
- Practices but should be observable to evaluate the risk
- Makes carriers more comfortable supporting these programs



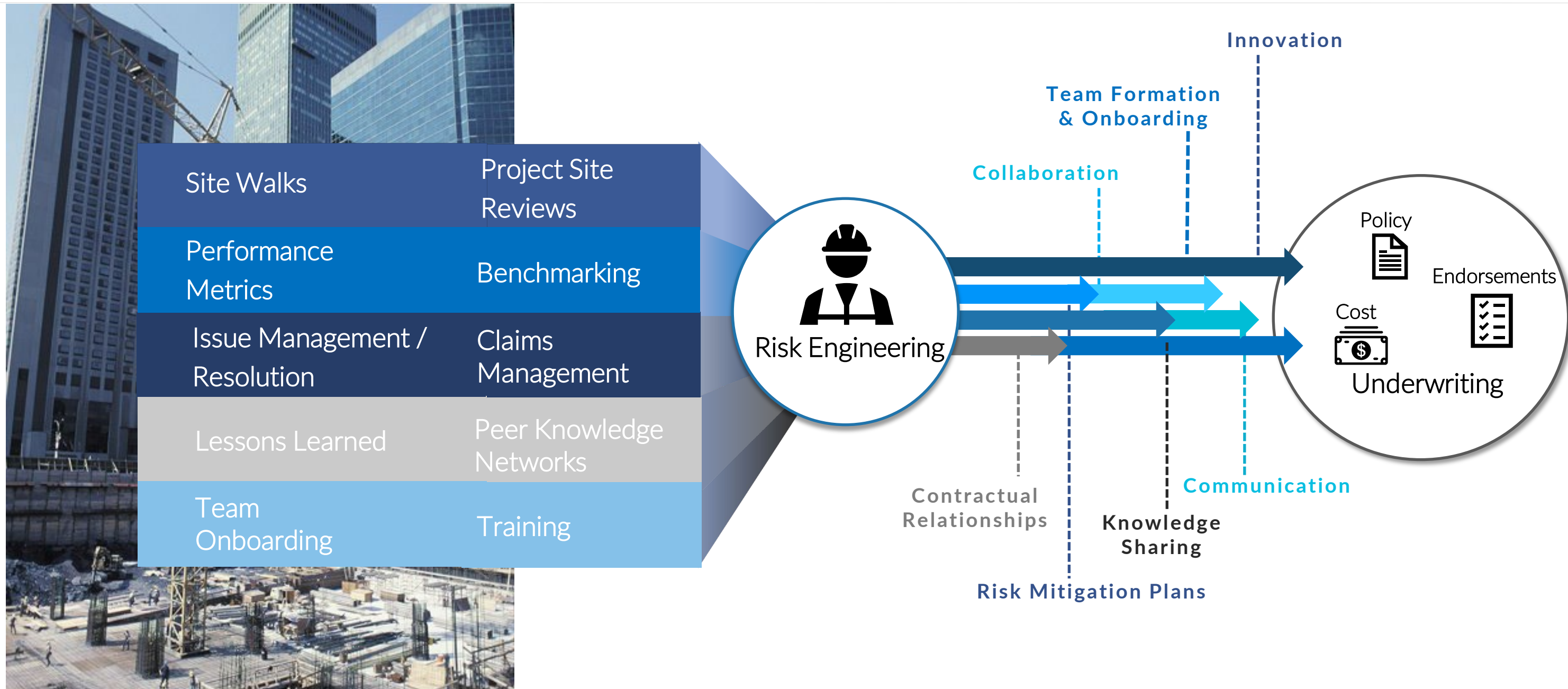
Transparency of the
state of the project

Evidence of
collaboration and
trust

There is FLOW of the
work and a clear
production strategy

Learning, problem-
solving, and growth

Partnering Together. Supporting All Stakeholders.

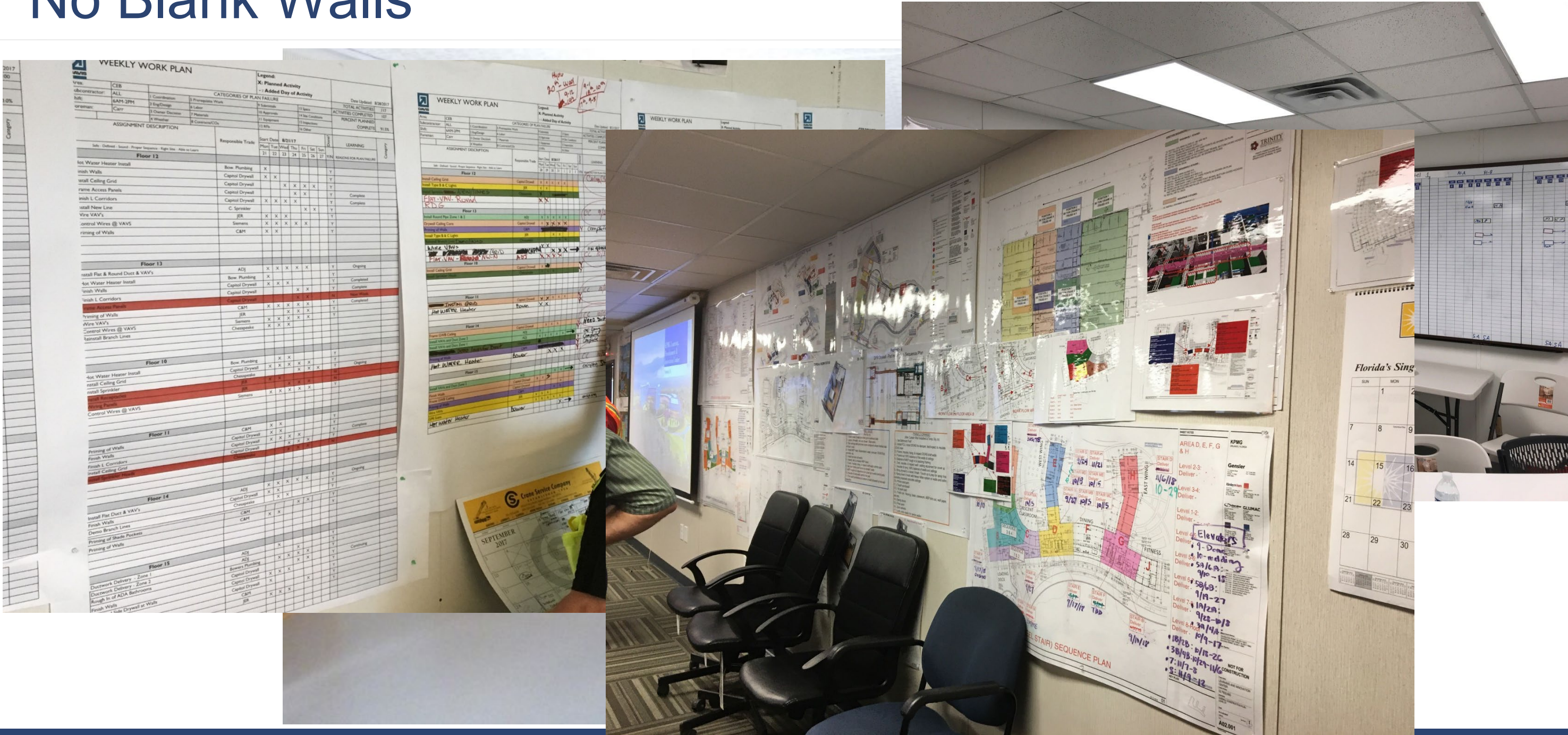


Observed Practices

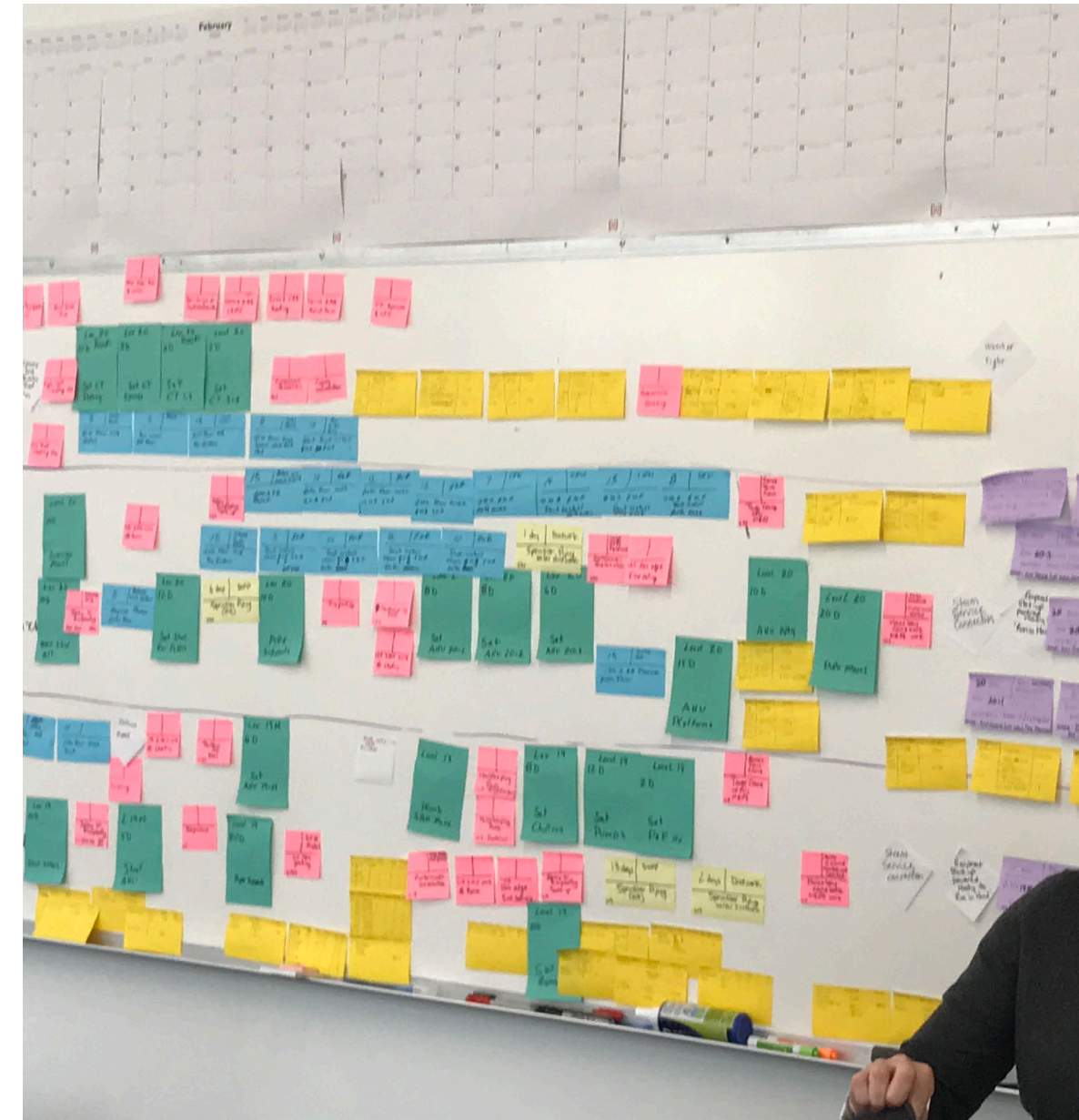
This is what we see
the most in our
observations.



No Blank Walls



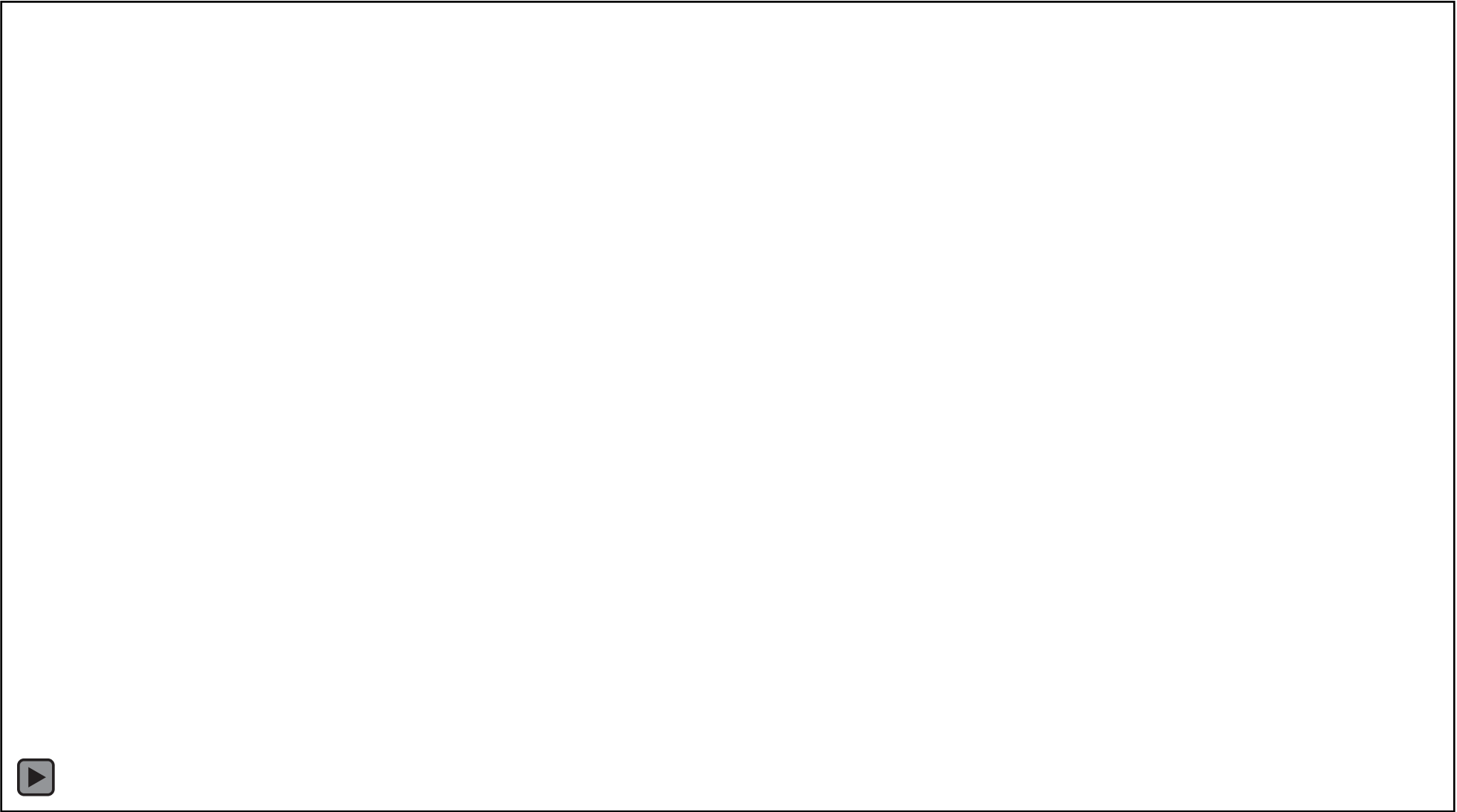
Visual Planning and Scheduling- Last Planner System



Visual Planning and Scheduling- Simple is Super!

ITEM #	LEVEL	AREA	ASSIGNMENT DESCRIPTION RELIABLE PROMISES (COMMITMENTS) MUST BE: Safe - Defined - Sound - Proper Sequence Right Size - Able to Learn	RESPONSIBLE COMPANY	COMMENTS CONSTRAINTS PREREQUISITE WORK RELIABLE PROMISES NEEDED	CATEGORIES OF VARIANCE										TOTAL ACTIVITIES: 26																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																										
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3	3/14	3/15	3/16	3/17	3/18	3/19	3/20	3/21	3/22	3/23	3/24	3/25	3/26	3/27	3/28	3/29	3/30	3/31	4/1	4/2	4/3	4/4	4/5	4/6	4/7	4/8	4/9	4/10	4/11	4/12	4/13	4/14	4/15	4/16	4/17	4/18	4/19	4/20	4/21	4/22	4/23	4/24	4/25	4/26	4/27	4/28	4/29	4/30	4/31	5/1	5/2	5/3	5/4	5/5	5/6	5/7	5/8	5/9	5/10	5/11	5/12	5/13	5/14	5/15	5/16	5/17	5/18	5/19	5/20	5/21	5/22	5/23	5/24	5/25	5/26	5/27	5/28	5/29	5/30	5/31	6/1	6/2	6/3	6/4	6/5	6/6	6/7	6/8	6/9	6/10	6/11	6/12	6/13	6/14	6/15	6/16	6/17	6/18	6/19	6/20	6/21	6/22	6/23	6/24	6/25	6/26	6/27	6/28	6/29	6/30	6/31	7/1	7/2	7/3	7/4	7/5	7/6	7/7	7/8	7/9	7/10	7/11	7/12	7/13	7/14	7/15	7/16	7/17	7/18	7/19	7/20	7/21	7/22	7/23	7/24	7/25	7/26	7/27	7/28	7/29	7/30	7/31	8/1	8/2	8/3	8/4	8/5	8/6	8/7	8/8	8/9	8/10	8/11	8/12	8/13	8/14	8/15	8/16	8/17	8/18	8/19	8/20	8/21	8/22	8/23	8/24	8/25	8/26	8/27	8/28	8/29	8/30	8/31	9/1	9/2	9/3	9/4	9/5	9/6	9/7	9/8	9/9	9/10	9/11	9/12	9/13	9/14	9/15	9/16	9/17	9/18	9/19	9/20	9/21	9/22	9/23	9/24	9/25	9/26	9/27	9/28	9/29	9/30	9/31	10/1	10/2	10/3	10/4	10/5	10/6	10/7	10/8	10/9	10/10	10/11	10/12	10/13	10/14	10/15	10/16	10/17	10/18	10/19	10/20	10/21	10/22	10/23	10/24	10/25	10/26	10/27	10/28	10/29	10/30	10/31	11/1

Daily Huddles



How can you apply this tomorrow?

- *Engage in the conversation, talk to your Risk Department and ask how to engage with the insurance carrier- we want you too!*
- *Keep focused on the behavior model of IPD and Lean, it is equally as important as the contractual arrangement.*
- *Be willing and prepared to show what is happening, it helps the insurance carrier get comfortable supporting these types of programs and projects.*
- *Implement tools to recognize problems early, potentially divert claims, and stay (or get back on) track.*



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In the spirit of continuous improvement, we would like to remind you to complete this session's survey! We look forward to receiving your feedback.

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Thank you for attending this presentation. Enjoy the rest of the 25th Annual LCI Congress!