CASE STUDY

Shared Risk. Shared Reward.
Insuring The Akron Children’s Expansion

How a major metro-area hospital called on Integrated Project Delivery (IPD) – and a breakthrough insurance solution – to get its largest construction expansion in history off the ground

Overview

From the project’s initiation in 2010, the leaders behind Akron Children’s Hospital $200 million expansion “Building on the Promise” were dedicated to setting a new standard in the development and delivery of health care facility construction.

Specifically behind this vision was Grace Wakulchik, Chief Operating Officer Akron Children’s Hospital, who drove the innovative and collaborative project approach.

This included the incorporation of design feedback from all segments of the community – both civic and medical – to ensure an optimal patient and family experience.

It also featured a commitment to lean construction principles, with the Integrated Project Delivery (IPD) method at the center of the plan.

In contrast to the traditional Design-Bid-Build model, by definition, an IPD signifies that all constituents involved – from owners, to architects, to subcontractors and more – operate under the same governing contract.

This shared risk/shared reward model is designed to give all parties an equal voice and to provide inherent project benefits including, but not limited to: reducing waste, lowering costs, supporting collaboration and maximizing productivity.

For every decision, and at every stage, the IPD method focuses on what is in the best interest of the project.

Insuring for Success

With risk, safety and productivity at the core of the program’s success, Akron Children’s sought an insurance partner with very specific qualifications. They needed a provider that had previous experience with IPD as well as OCIPs (Owner-Controlled Insurance Programs).

OCIPs insure all contractors and subcontractors of a construction project under a single policy. This includes worker’s compensation, general liability, umbrella/excess liability, and in some cases, builder’s risk, professional liability and environmental liability.

Relationships with carriers able to underwrite this type of program, and meet the unique needs of this project, proved critical in the selection process.

In addition, as a self-insuring employer of worker’s compensation, Akron Children’s needed a broker that had thorough knowledge of these programs in Ohio.

Lastly, the collaborative nature of an IPD calls for frequent meetings and intensive interactions. A partner was desired that was both nationally recognized but regionally based to offer the depth of expertise along with the needed accessibility, all while creating cost-efficiencies through reduced travel and expenses.

Oswald delivered on all of these requirements, and furthermore, was able to package all of the project’s coverage lines with one carrier for a program offering a single source for risk management.

Positive Outcomes: Early, Often and Projected

The principles of IPD contribute to the mutual respect among all parties to maintain focus on safety and risk management.

Program features including an onsite safety coordinator and contractor-initiated preventative tactics, have led to a low incidence of claims—both in quantity and severity—compared to industry standards.

Everyone understands these statistics can change with just one incident, so safety is a priority in all aspects of the project.
From a cultural perspective, the centralized management and team-work mentality has bridged the typical diverse roles involved in a build out and led to several innovations not found in other projects.

One example of this was found during a critical phase of foundation work where rainstorms threatened major delays. Because of the IPD approach, the teams voluntarily worked together to ensure the work was completed safely and on-time, with partners going above and beyond their typical obligations on a job site.

Additionally, as a featured highlight, the project is forecasted to be completed ahead of schedule and under budget.

**Focus Forward**

As shared by leaders of the project, the delivery of this pure IPD has not been without challenges.

The additional layers of administrative and detail work necessary to ensure coordination presented early concerns as all individuals worked to become acclimated to the new project environment.

Conflicts, as defined in the contract, must be resolved by unanimous decisions in support of the best interests of the project. It is also critical that team members don’t return to old, traditional contract behaviors.

But for everyone involved, the advantages far outweigh the challenges at each stage, as together they have redefined how a large-scale construction project can be accomplished – all backed by the confidence of a robust insurance program tailored to the distinctive qualities of their initiative.

This first phase is still in development and is scheduled for completion in February 2015.

In continued efforts to “Build on the Promise,” the project represents the first part of a master plan proposed to be completed in eight phases over multiple decades, which, according to Akron Children’s sources, will continue to utilize IPD in future projects.

As yet another testament to the early demonstrated successes of the project, several outside institutions are closely reviewing this project as a case study for their own endeavors.

On the insurance and risk management front, Oswald will continue to expand on the experience gained building the customized program and managing the insurance of The Akron Children’s expansion, for future application with organizations that embrace the potential of a truly unified construction effort.