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Subject: Construction Claims Task Force

Construction Claims Task Force Members,

If you should need any additional construction insurance & risk management, general liability wrap-up insurance program advice, construction defect mitigation strategies, or alternative risk transfer strategies, please don't hesitate to contact me. In the meantime, the following is some additional information for you that will formally introduce myself and my construction risk management consultancy, C-Risk, to you.

C-Risk works on a nationwide basis and provides services exclusively to real estate & construction industry clients. The C-Risk target market is primarily project owners, residential and commercial builders, real estate developers, medium to large contractors, construction management and design-build firms. C-Risk will also work with insurance brokers, and law firms who concentrate on construction business and are focused on improving risk management and construction defect mitigation practices. C-Risk helps clients realign their focus to integrate short-term project management goals with long-term risk management strategies. More specifically, C-Risk helps clients to better understand the risks and exposures inherent in construction operations and facilitate in making more informed decisions in the evaluation of their risk transfer, risk financing and risk management alternatives.

The C-Risk client services are delineated on the www.C-Risk.com website, in the C-Risk Brochure <http://www.c-risk.com/Brochure/Brochure.pdf>, and below:

- * Construction Risk Management
- * Contract Reviews
- * Insurance Reviews
- * Wrap-Up Insurance Programs (OCIP & CCIP)
- * Construction Defect Mitigation Strategies
- * Alternative Risk Financing Strategies
- * Seminars & Workshops

C-Risk is a consultancy comprised of a network of construction, insurance and risk management professionals located throughout the United States who partner on program and project initiatives based on a client's specific risk management and/or wrap-up program requirements. This provides each client with a tailored risk management solution utilizing the best resources available for optimal results.

C-Risk is not an insurance broker, but strictly a risk management consultancy. We do not write or place insurance coverage with insurance carriers, but we can greatly assist clients with this process. C-Risk is an organization based on partnering and collaboration. There are no full-time employees. C-Risk consulting projects are staffed by independent consultants, with C-Risk, Inc., serving strictly as a pass-through vehicle.

The reason I established C-Risk this way is because I didn't want to spend my time playing human resources manager. I wanted to do what I do best - consult to clients like yourself who want and expect the best service, commitment, and results from their construction risk management and wrap-up insurance program consultant.

In this environment, risk management has emerged as a long-term operational business strategy. It is as much about seizing competitive opportunity as it is about avoiding catastrophic loss. Being able to view a company's risks from a holistic standpoint provides a clear view of a company's most important risks. By developing strategies that address these risks, a company can create risk transfer and risk financing methods that can free scarce resources for other business purposes. Successfully implementing such a strategy provides less balance sheet volatility and can improve operating results and shareholder value.

The majority of C-Risk consulting engagements are strategic. I have advised on programs for day-to-day wrap-up administration. C-Risk is considered by several sources as a specialist in the design and formation of OCIP and CCIP programs for construction industry clients. I also advise clients on construction defect (CD) mitigation strategies and on commercial general liability insurance issues.

C-Risk has assisted clients with the design, development and implementation of a variety of wrap-up initiatives. I

completed a consulting engagement for Insource Technology on an project for Arthur J. Gallagher where C-Risk was the subject-matter expert for construction wrap-up insurance programs. My role was helping Insource understand wrap-up methodologies and develop the framework for the initial design of AJG's integrated web-based (Internet/Intranet) wrap-up administration and management system for AJG's National Wrap-Up Unit. I guess I did a good job since AJG was the recipient of A.M. Best Company's E-Fusion award for this project (CIPWORKS) at the first A.M. Best's E-Fusion Conference in Washington, DC a couple of years ago.

On another C-Risk consulting engagement, I assisted Fluor Corporation with the formation of a risk mitigation strategy focused on residential construction that entailed designing the underwriting framework, program structure, and incorporating risk transfer/risk financing methodologies around Fluor's risk-sharing tower of coverage, utilizing their existing captive, supplemented by facultative reinsurance. C-Risk's primary mission was advising Fluor in making an educated decision on the pros and cons associated with entering the residential construction marketplace for condominiums, hotels, and mixed-use developments, and providing Fluor with a detailed understanding of the different dynamic to be anticipated resulting from construction defect claims and litigation issues, and the added liabilities regarding homeowner consumer protection laws, versus a typical commercial building turnkey construction project. Particularly, focused on the State of California, which as you know has the worse construction defect litigation dynamic in the whole country.

I just completed a consulting engagement with the California Department of Transportation (Caltrans) to develop the framework for their Owner Controlled Insurance Program (OCIP). This is to be implemented on the majority of Caltrans engineering and construction projects in Northern California for District 4 that meet Caltrans-specific wrap-up criteria as a viable candidate for their Rolling OCIP. I've also advised Caltrans on all of their risk management planning for the San Francisco-Oakland Bay Bridge (SFOBB) Project, which is one of the biggest transportation/infrastructure projects going on in engineering and construction in the U.S.

If you want to talk about your specific risk management program requirements in more detail in the future, please don't hesitate to contact me directly at the phone numbers listed below.

Thank you for your time and consideration.

Best regards,

David
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