

clean

THE WORLD TRADE

COOPERATION BUILT ON
RELATIONSHIPS AND

Ray Beane

The real estate industry is driven by “location, location, location.” The equivalent in the insurance industry is “relationship, relationship, relationship.”

★ Perhaps at no other time was the truth of that axiom more evident than in the cleanup of the World Trade Center in

New York City, where multiple organizations, with diverse talents and responsibilities, worked from September 2001 to June 2002 on a project of unprecedented magnitude.

★ It’s a model for all risk managers to consider when evaluating and establishing business alliances.

CENTER



EXPERIENCE

WTC Stats

- * **Site size:**
16 acres
- * **Buildings involved:**
16 (collapsed, partially collapsed or seriously damaged)
- * **Site schedule:**
24/7 over ten months (September 2001 - June 2002)
- * **Construction workers on site:**
750 - 1,000 per shift (at project peak)
- * **Cranes on site:**
23 per day (at project peak)
- * **Trucks entering and exiting the site:**
300-400 per day (at project peak)
- * **Debris removed:**
1.2 million tons (estimate)

In countless ways, the cleanup of the World Trade Center (WTC) was different from other such projects. The site was created by a disaster, and the principal task was recovery and cleanup. The size of the task was herculean (*see "WTC Stats"*). The number of lead participants was large (*see "WTC Who's Who"*). The potential for accident and injury was high.

But in other ways, the cleanup was the same as other such projects. Its success depended on the relationships among the participants, and their knowledge of, respect for and trust in one another's experience and integrity.

BUILDING THE PROJECT TEAM

The WTC cleanup project was under the leadership of the New York City Department of Design and Construction (DDC). The DDC was responsible for executing the project in a timely and cost-effective manner, and ensuring its safety and quality.

The project's lead broker, Willis Group Holdings, partnered with fellow brokers Aon and Marsh & McLennan. Willis was responsible for the overall insurance program administration and the marketing of the primary insurance program, and Aon and Marsh were responsible for administering and marketing designated elements of the program, such as environmental, professional and excess coverage.

While collaboration among brokers is not standard operating procedure in the industry, it was undertaken in the WTC project "in the spirit of professional cooperation and human interest," says Brian Schofield, Managing Director, Willis. "Each broker brought additional strengths and expertise to the project."

Following a competitive Request for Proposal bidding process, the DDC selected Willis and Liberty Mutual to provide workers compensation for construction workers of enrolled contractors at the site and general liability insurance for insured construction activities. The insurance program was a wrap-up — meaning it consolidated a number of key coverages for the enrolled contractors working on the site. The wrap-up structure is often used on large construction projects because of two significant benefits:

- ease of administration: a wrap-up makes it easier for the project's leader — the DDC in the case of the WTC cleanup — to administer the insurance program, and
- coordinated safety and claims management: a project-wide approach enables the project's leader to develop and manage a single safety program tailored to the needs and conditions of the construction site.

Ray Beane, Vice President and Manager, Construction & Wrap-Up, National Market, and John Neil, Director-Construction, National Market Loss Prevention, Liberty Mutual, believe it was a combination of Liberty Mutual's project coordination and service management skills, and its technical expertise in high-hazard construction projects that earned Liberty Mutual the job. Especially valuable was the experience Liberty Mutual gained in the wrap-up it provided when construction scaffolding collapsed at Four Times Square in New York City in 1998.

Most of all, it was “the direct relationships we'd developed before September 11th with many of the people involved in the cleanup that helped us,” says Rudy Ortiz, Senior Account Executive, National Market, Liberty Mutual. “That foreknowledge of Liberty Mutual on the part of city officials was especially helpful since we weren't aware of the project months in advance. We didn't have the usual amount of time to meet with the broker, owners and contractors, and preplan, given the circumstances. We just knew one another's integrity and that we would each work towards the best possible solutions.”

Willis's Brian Schofield agrees: “There was definitely a high comfort factor among the lead participants, including the brokers and insurer. It was based on the familiarity we had with one another working on other large projects.”

In addition to the DDC, brokers and insurer, lead participants in the cleanup included four lead contractors, responsible for the construction management of the project. Collectively, at the peak of activity, their crews numbered as many as 3,000 construction workers a day on site 24/7. For Liberty Mutual, it meant providing workers compensation and general liability insurance coverage to well over 100 enrolled contractors.

“There was a tremendous level of cooperation and teamwork among all the safety professionals working on the project... We were all committed to the goal of getting through the project with as few injuries as possible.”

— **John Rabovsky**
Liberty Mutual's lead safety consultant at the site.

In addition to the construction workers, there were a large number of workers at the site not insured under the Liberty program. This included volunteer workers, members of the New York City police and fire departments, Port Authority personnel, and employees of federal agencies such as OSHA, FEMA and the U.S. Army Corps of Engineers.

FROM RELATIONSHIPS TO EXPERIENCE

With thousands of workers on site, cooperation and control were essential. Although pre-existing relationships among the lead participants were invaluable in the early days of the recovery and cleanup, proven experience became the criterion on which the project's ongoing success depended.

“Before September 11th, we had worked with many of the city's contractors and trade members,” says Rudy, “and those relationships were key. But as the project progressed, what was important to these parties was avoiding serious and fatal injuries.”

Confidence based on earlier project experience helped Liberty Mutual and Willis get through some demanding times, when a lot was riding on their ability to deliver on their commitments. But “based on our previous experience with Liberty Mutual, we felt comfortable that we could implement and professionally roll out what we had promised the DDC,” says Brian. “And we did.”

STRUCTURING A LOSS PREVENTION PROGRAM

Liberty Mutual coordinated the DDC's Master Safety and Health program for the WTC cleanup project. Its loss prevention consulting involved assisting the DDC in establishing and monitoring safety standards to help control workers compensation and general liability losses, and providing guidance to all contractors as to their site-specific safety and health roles.

Beginning in October 2001, Liberty worked with the DDC, OSHA and contractors to provide guidance and direction to all enrolled contractors on their site-specific safety and health roles, responsibilities and requirements. “There was a tremendous level of cooperation and teamwork among all the safety professionals working on the project,” says John Rabovsky, Liberty Mutual's lead safety consultant at the site. “We were all committed to the goal of getting through the project with as few injuries as possible.”

Some of the specific areas addressed were crane safety, site traffic flow and industrial hygiene assessment. The company also monitored compliance of established safety standards using its proprietary Managing Vital Performance (MVP) process. The standards were developed with the DDC for use at the recovery site. This systematic approach to observation involved a series of steps, for example: a Liberty Mutual safety specialist might observe operations on site and, using a portable digital assistant, complete an on-line checklist to measure a contractor's adherence to the selected standards. Information was conveyed in weekly reports to the DDC, contractors and union shop stewards. While technologies like handheld devices, Web-based training and extranet databases were helpful, it was still the interpersonal engagement that carried the day.

If an accident occurred, another project vendor, MEDCOR, provided on-site medical aid stations, staffed by qualified medical personnel who could electronically file workers compensation claims. Early notification and on-site Liberty Mutual claims representatives helped ensure the best level of medical care to injured workers.

Liberty Mutual's role meant that its professionals were on site 24 hours a day, seven days a week. When specialists in occupational health, traffic flow, industrial hygiene and other subjects were added in, there were as many as 25 Liberty Mutual personnel on site at the peak of cleanup activities.

THE FINAL STAGES

"We're very pleased with the success of the project," says Ray. "Given the fact that there were so many unknowns for us going into the project because of the compressed time, our planning called upon our expertise and the project turned out very well. As the project closed, the workers compensation results have been very good. There have been no major injuries, fatalities, or construction collapses."

Brian agrees: "There wasn't always a lot of information, so trust was critical and as the project came to an end, it appears to have worked."

Ray Beane is Vice President and Manager, Construction & Wrap-Up Group, National Market, Liberty Mutual, Boston, Massachusetts.

WTC Who's Who

- * **New York City Department of Design and Construction:**
Project leader. The department is responsible for the design and execution of all major construction projects in the city.
- * **Willis Group:**
Lead broker and insurance program administrator. Partnering with Willis were brokers *Aon* and *Marsh & McLennan*.
- * **Liberty Mutual:**
Project insurer. The company provided (1) workers compensation insurance, (2) general liability insurance, (3) safety consulting services to help control workers compensation and general liability losses, and (4) management services to handle workers compensation and general liability claims.
- * **AMEC Construction Management, Bovis Lend Lease, Tully Construction and Turner Construction and Plaza Construction:**
Lead construction managers.
- * **New York City Port Authority:**
Land owner.
- * **Silverstein Properties:**
Land lessee.

