

# Parker Smith & Feek



*Insuring most of Alaska's big builders*

*Photo by RISE Alaska LLC/Courtesy of Matanuska-Susitna Borough*

*The most prominent of Parker Smith and Feek's insured projects now is construction of the \$216 million, 435,000-square-foot, medium-security Goose Creek Correctional Center, located on 330 acres off Alsop Road near Point MacKenzie. In mid-September, construction crews were pumping concrete for cell walls in general housing.*

BY TRACY KALYTIK

**E**arthquakes, warming permafrost and icy, stormy weather can each seriously disrupt construction of buildings, roads, bridges and other large structures in Alaska. Insuring a project becomes even more intricate, however, when an Alaska company is building something massive in a war zone like Iraq.

Parker Smith & Feek, a company specializing in construction insurance, recently provided coverage for West Construction Co.'s building of an open-cell, sheet-pile dock in Umm Qasr, Iraq.

"We had to secure insurance coverage for barges, cranes and other equipment coming from multiple locations in North America, Kuwait and Dubai," said Dave Eckroth, senior vice president and Alaska division manager for Parker Smith & Feek.

PS&F is a 73-year-old Seattle-based firm that has been doing business in Alaska for more than 40 years. The company opened its Anchorage office in 1987, with two employees. It now has

24 people working there, providing a full spectrum of property and casualty, surety and employee benefits programs to Alaska companies.

Approximately 50 percent of Parker Smith & Feek's revenue in Alaska is derived from providing insurance in the construction industry. Native corporations and their health care, energy, financial institution and food practice groups generate most of the company's remaining revenue.

The company offers insurance to just about all of the largest construction entities involved in projects taking place in Alaska and, as with West's Iraq dock-building project, out of state. West and two additional PS&F clients, Bristol Bay Native Corp. subsidiary CCI Inc. and Anchorage-based Electric Inc., brought in employees from all over the world to the war zone, where full-time security protected them.

"The employees had to effectively live on base, and so getting access to and from the site created some

unique exposure," Eckroth said.

The Iraq project ended successfully for West Construction, which is now working on another PS&F-insured dock at the Port of Anchorage extension. That project carries a different array of insurance concerns.

"I think we have three barges and six cranes on site," Eckroth said. "Environmental liability is one of the significant issues there – marine mammal protection of the beluga whales."

## SHIFT IN EXPOSURE

Eckroth said there's been a shift in contractors' exposure regarding who is a responsible person within their organization when environmental or other rules are broken, awareness of the contractors of environment-related risks and increased interest in adequately insuring that liability.

"From a contractor's perspective, the pollution liability and professional liability have been two of the hot topics in construction insurance," Eckroth said.

Professional liability concerns the increased use of alternative delivery or design-build – in which one company provides design and construction services for a project. Design-build is a trend that has escalated in the last five years, Eckroth said.

Pollution liability has been an issue for many years, he said, but there have been a number of projects in the state in which contractors have encountered unexpected contamination.

“This has created significant exposure to employees as well as project delays, which impact contractors’ profitability,” Eckroth said.

PS&F provided insurance for what first appeared to be a routine family housing project on Fort Wainwright. Jim Watterson of Watterson Construction said his company had broken ground in 2005 on the \$55.6 million, 128-unit project when a potential catastrophe surfaced.

“That project was a disaster,” Watterson said. “The problem was that there was unexploded ordnance and contaminated soils that were not indicated in the (request for proposal) documents. We ended up having to evacuate the site several times.”

At one point, the company had to evacuate the building site for almost a month, in August 2005.

“At that point we were framing buildings, roofing, but we didn’t have any of them with heat or any that were enclosed yet,” Watterson said.

A soil-screening specialist announced further bad news: PCBs and petroleum contaminated the soil at the site.

A remediation contractor had to come in and screen the site for nearly two years, Watterson said, and the company reached a “very large change-order” with the U.S. Army Corps of Engineers once Watterson’s role was completed in 2007.

Even though the government, rather than insurance, ended up paying Watterson’s unanticipated added costs, PS&F gave the company peace of mind afterward.

“They provided our insurance and even after we got into that mess, they still provided our insurance,” Watterson said. “We didn’t have any hiccups with our insurance.”

### GOOSE CREEK PROJECT

The most prominent of PS&F’s insured projects now is construction of the \$216 million, 435,000-square-foot, medium-security Goose Creek Correctional Center, located on 330 acres off Alsop Road near Point MacKenzie. The Mat-Su Borough and State of Alaska are partners in the project, which will provide beds for 1,536 male prisoners and approximately 375 permanent jobs to people needed to operate the facility.

PS&F is providing builders risk insurance, site environmental liability insurance and the project team’s professional liability insurance.

The concern the borough had was about the design-build method of constructing the prison, which involved Neeser Construction Inc. taking on a huge scope of work – from the initial architectural drawings all the way to the final construction tasks.

“It’s a very large, concentrated exposure to the borough,” Eckroth said. “The project team had to design and build within the budget provided by the borough. The borough didn’t want design errors that would lead to surprises and cause an issue with their budget.”

That hasn’t happened to this point, Eckroth said, adding that construction of the prison is ahead of schedule and expected to be complete in early 2012.

### BIG PROJECTS CONTINUE

Parker Smith & Feek is also involved in planning for the \$100 million Providence Hospital Generations Facility, a new prenatal-delivery-infant care facility that Davis Constructors is slated to build on the Providence campus in Anchorage.

And, Parker Smith & Feek clients are currently offering proposals for work on a hangar at Fort Wainwright, a \$100 million range project, and a \$200 million housing privatization project at Joint Base Elmendorf-Richardson.

PS&F flourishes, Eckroth said, because the companies with which it works demonstrate a high degree of expertise in their field.

“That’s why I think Alaska contractors are so successful on projects worldwide,” Eckroth said. “If they can master the logistics of a project in Nome, they can build something anywhere. Our success is tied to the quality of clients we’re fortunate enough to do business with.” □



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