



The Project

The Montana to Wyoming National Park Highway, a toll road, is an ambitious roadway project that will stretch from Interstate 90 in Bozeman, Montana to Jackson Wyoming, traversing The Westerly border of Yellowstone National Park, and the Eastern side of Grand Teton National Park. It is intended to accommodate the major influx of traffic for this section of the National Park System, while at the same time protect the habitat of two of the most visited parks in the system.

The project will be constructed over an expected 4-year period, in four separate sections from North to South. Segment N/S 1 is being constructed as a 4-lane highway, from south of Bozeman at the intersection of Interstate 90 to West Yellowstone Montana, a stretch of almost 50 miles. This section will include both paved highway, lighting, drainage, 32 Roadway overpasses, and the construction of 12 bridges traversing rivers and streams. Sections 2-4 are contracted separately and not included as part of the scope of coverage for Segment N/S 1.

The contract for Segment N/S 1 has been awarded to National Park Highway Partners, LLC (NPHP), a joint venture of Infrastructure Construction Corp and Big Dig Builders. The contract is a design, build, operate and maintain contract, with the operation and maintenance period being 5 years post-completion. The Notice to Proceed was August 1, 2020. An array of design engineers, constructors, and others are contracted to NPHP.

The following are the basic contract values:

- Design and Engineering \$ 75 Million
- Construction \$825 Million
- Overall Contract Value: \$900 Million



BUILDER'S RISK & CONSTRUCTION SYMPOSIUM

Coverage

The following is the requested coverage:

- Property Damage \$250 Million
- Expediting Expense \$3.0 Million
- Extra Expense \$5.0 Million
- Business Income \$75 Million
- Delayed Start Up Expenses \$30 Million
- Landscaping \$2 Million
- Leg 3 Coverage Requested

The Coverage was placed as follows:

- Property Damage \$250 Million (UW Panel to explain loss limit thought process)
- Flood \$100 Million (all causes)
- Earthquake \$100 Million (all causes)
- Expediting Expense \$3.0 Million
- Extra Expense \$5.0 Million
- Business Income \$75 Million
- Delayed Start Up Expenses \$30 Million
- Landscaping \$2 Million

Deductibles are as follows:

- Property Loss \$100,000
- Earthquake \$500,000
- Flood 2% VARTOL, \$250,000 minimum, \$5 Million max
- Losses covered pursuant to the exceptions Leg 2 / Leg 3 \$100k / \$1M
- Delay Deductible 90 Days

Specified Period of Indemnity – August 1, 2024 through July 31, 2027 (Period of Indemnity = 36 months)



The Loss

The winter of 2021/2022 was extremely severe and over 200 inches of snow fell throughout the region. By May of 2022, the snow was beginning to melt and the rivers and streams in the area were extremely high. To make matters worse heavy spring rains inundated the region. On May 15, 2022, an Earthquake occurred in the Mammoth Springs area of Yellowstone National Park. This caused avalanches in many of the mountains both in the park and for at least 75 miles around the epicenter.

Damages to the substructure of the roadways, bridges and highways consist of significant wash out of fill and existing earth, cracking and undermining of foundations and footings as well as cracking of installed bridge spans. Damage was consistent along the entire span of the insured property.

During the investigation of the loss, the resulting cracking at the bridge spans was determined to be exacerbated by defects in the foundation. The defects discovered are included on the damaged portion of the span and also on the undamaged portion of the span. Further, it is noted that the earthquake caused liquefaction and wash out of soils that were not part of the design build contract but must be remediated in order to re-establish the existing contours of the highway prior to proceeding with construction. The contour of the existing soils includes both areas that roads and bridge spans that were under construction at the date of loss, as well as areas in which work had not commenced.

At the time of the loss, the project was scheduled to be completed on time. Following the loss, the insured presented a revised schedule, claiming a delay of 36 months and the claim noted in the table below:

Claim Category and Description	Claim	Delay Mos.
Cost of Damage	\$ 122,500,000	36.00

The insurers have measured the following time periods:

- Time to make repairs to direct physical damage to covered property – 14 months.
- Time to rectify defects discovered to the foundations of bridge spans – 13 months.
- Time to rectify soils, roadway contours, pilings and support for roadways made necessary by the wash out and liquefaction of soils – 7 months.

The insurers concur that the project was on schedule at the time of loss, and that certain work necessitated by the loss is in the critical path of the project.

The insurer's team reviewed the claim and separated claimed costs into specific categories.



The insurer further responds with its own expert analysis that uses the claim detail to identify LEG 2 and LEG 3 exclusions.

Business Income & Delay in Start-up Background

As part of the Contract with the Wyoming Transportation Commission, NPHP was required to finance 10% of the overall contract value. In return, NPHP received the rights to the 60% of the profits generated during the 5-year operation and maintenance period. The project will be financed with \$810M in Tax Exempt Bonds and \$90M in private financing provided by NPHP. The \$90M in debt will be used as part of the construction financing during the planned 4-year construction period and then convert to loan that amortizes over the 5 year maintenance period that NPHP is responsible.

The toll revenue is expected to generate \$3,202,875 in revenue per month and incur expenses of \$833k, for an expected net profit of \$2,369,542 per month to NPHP. The net profit does not include consideration of the debt service associated with NPHP's debt.

Following the completion of the project, the insured submits the following BI and DSU claim:

Claim - Gross Earnings Loss			
Claim Category and Description	Monthly Amount	Delay Mos.	Claim
Gross Earnings	\$ 3,202,875	36.00	\$115,303,500
Less: Charges and Expenses That Do Not Continue	\$ 833,333	36.00	\$ 30,000,000
Claimed Gross Earnings Loss	\$ 2,369,542	n/a	\$ 85,303,500
Gross Earnings Sublimit			\$ 75,000,000
Claim Costs - DSU			
Claim Category and Description	Monthly Amount	Delay Mos.	Claim
Additional Interest Expense - Private Financing	\$ 375,000	36.00	\$ 13,500,000
Realty Taxes / Ground Rents	\$ -	36.00	\$ -
Advertising Expense	\$ -	36.00	\$ -
Commission Expense	\$ -	36.00	\$ -
Project Administration Expense	\$ 100,000	36.00	\$ 3,600,000
Legal / Accounting Fees / Renog. Financing	\$ 20,000	36.00	\$ 720,000
Insurance Premiums	\$ 250,000	36.00	\$ 9,000,000
Claimed Soft Costs	\$ 745,000	n/a	\$ 26,820,000
Total - Gross Earnings and DSU			\$101,820,000