Aligning Contract Risk Transfer with Insurance **High-Exposure Data Center Projects**

Story Overview

A data center developer engaged IMA while preparing contracts for new construction projects under compressed timelines and elevated financial risk. The client's insurance program was generally sound, but contract language governing indemnity, OCIP structures, and vendor obligations created potential exposure. The need was to ensure contractual risk transfer aligned with real-world insurability across multiple stakeholders.

Challenge

The client operated in a high-stakes environment where standard construction contracts were being applied to projects with significantly higher potential loss severity. Vendor agreements, leases, and construction documents included provisions that appeared sufficient on the surface but were not consistently aligned with jurisdictional requirements or enforceable risk transfer principles. In some cases, language had been carried forward from prior projects without being re-evaluated. Tight review deadlines and resistance from sophisticated engineering and construction vendors further complicated the process, increasing the risk that problematic provisions would go unaddressed.

> Real-world claim scenarios informed every recommendation.

IMA's Strategy and Actions

IMA's contractual risk team acted to support the client by:

+ Conducting full-contract reviews rather than isolating insurance clauses, identifying conflicts between indemnity, insurance, and operational provisions
+ Assessing jurisdiction-specific requirements, including Texas anti-indemnity considerations, and recommending compliant "safe harbor" language
+ Strengthening OCIP and non-OCIP contract structures to ensure risk transfer provisions aligned with actual claim scenarios
+ Engaging directly with the client's legal and risk teams to walk through implications and support adoption of revised language
+ Supporting negotiations with vendors and engineering firms that challenged liability and insurance provisions, helping maintain appropriate risk allocation

Why It Worked

IMA's effectiveness came from integrating contractual risk expertise into the broader service team and engaging directly with client stakeholders. The team combined legal-informed analysis, claims insight, and practical experience across similar projects to identify issues that would not surface in a clause-by-clause review. Their willingness to push beyond the initial scope and evaluate how contracts worked together enabled more durable solutions, even under tight timelines.

Key Takeaways

This case demonstrates the value of embedding contractual risk review early and positioning it as a strategic function, not a transactional step. It also highlights how IMA teams can create impact by facilitating direct collaboration with client legal and risk leaders and by evaluating contracts holistically rather than in isolation.

THE RESULT:

The client strengthened enforceable risk transfer across construction, vendor, and lease agreements and established a more consistent framework for future projects, reducing ambiguity and improving alignment between contract intent and insurance response.