

CHECKLIST

Your Essential Guide to Controlled Insurance Programs

For construction companies and owners, controlled insurance programs (CIPs) can be instrumental in fostering financial resilience. This is especially crucial in an environment where insurance rates are in flux and capacity issues make it increasingly difficult to secure coverage. CIPs offer a strategic approach to managing risk and can help you navigate these challenges effectively.

What is a Controlled Insurance Program (CIP)?

- A CIP is an insurance arrangement where a single party provides the key insurance coverages for all parties involved in a construction project, including the project owner, general contractor and subcontractors.
- CIPs come in various forms, but the most prevalent are an Owner-Controlled Insurance Program (OCIP) and a Contractor-Controlled Insurance Program (CCIP). These programs typically include key policies such as Wrap-up Liability, Builder's Risk, project-specific Contractors Pollution Insurance, and project-specific Professional Liability Insurance. By leveraging these comprehensive coverage options, you can effectively manage risk and enhance the financial resilience of your projects.

What are the benefits of a CIP?

- CIPs are often the best — or only — option to obtain insurance with coverage limits necessary to commence large projects.
- CIPs bring economies of scale, making insurance more affordable.
- Under a CIP, there is improved control over risks like safety, since the controlling entity is responsible for deductibles.
- CIPs also offer streamlined claims management.

Checklist: How to Get Started with a Controlled Insurance Program

Assess Your Needs

- ☐ Evaluate the Scope and Size of Projects: Understand the complexity of each project to tailor your insurance needs effectively.
- ☐ Conduct a Risk Survey: Identify unusual project risks through a comprehensive risk survey to ensure all potential issues are considered.

Choose the Right Program Type

- ☐ Select between OCIP or CCIP: Determine whether an Owner-Controlled or Contractor-Controlled Insurance Program is best suited for the project structure.

Engage Stakeholders

- ☐ Involve Key Stakeholders: Include project owners, contractors and insurance brokers in the decision-making process to ensure alignment and collaboration.

Select Coverage Options

- ☐ Determine Necessary Policies: Identify the essential coverage options for your project which may include Wrap-up Liability, Builder’s Risk, project-specific Contractors Pollution Insurance, or project-specific Professional Liability Insurance.

Work with Insurance Professionals

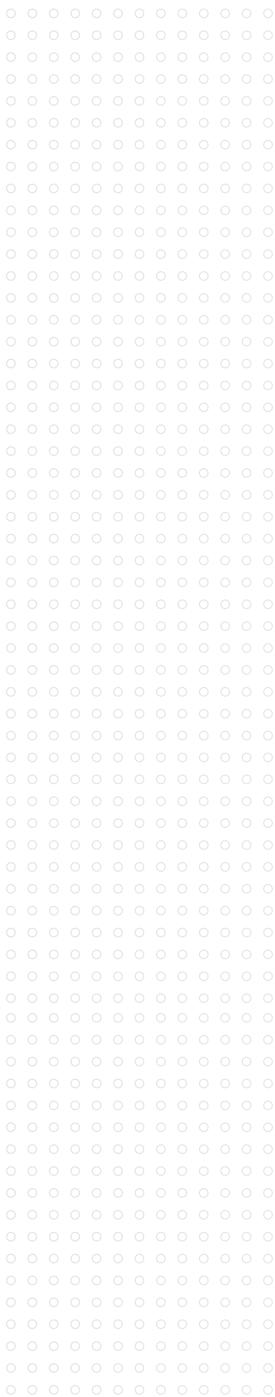
- ☐ Collaborate with Experienced Brokers: Partner with knowledgeable insurance brokers or consultants to facilitate underwriting information and customize the program to meet your specific needs.

Evaluate Costs and Budget

- ☐ Analyze Cost Implications: Assess the financial impact of the CIP and incorporate these costs into your overall project budget.

Draft Program Documents

- ☐ Develop Detailed Program Documentation: Create comprehensive program documents that include risk service protocols and delineation of risk and insurance responsibilities.
- ☐ Launch the CIP Early: Initiate the CIP at the start of your project to ensure comprehensive coverage from day one, protecting your interests and managing risks effectively.



Key Insurance Considerations for Contractors and Sub-Contractors

- ☐ Establish specific coverages being included under CIP.
- ☐ Consider additional insurance policies to cover risk exposures outside of the CIP. These may include:
 - ☐ **Off-site General Liability.** Since the Wrap-Up Liability policy covers bodily injury and property damage resulting from onsite work, protection will be necessary for “remotely-related” offsite incidents.
 - ☐ **Commercial General Liability - Completed Operations.** Ensure coverage extends beyond the completion of operations as stipulated in the Wrap-up Liability policy, generally for a period of 24 to 36 months.
 - ☐ **Automobile Liability.** Contractors and subcontractors often drive vehicles to complete their contracting operations.
 - ☐ **Professional Liability.** Coverage to be considered based on the specific risk exposure associated with the services.
 - ☐ **Contractors Equipment Insurance.** Covering equipment owned by the contractors and sub-contractors, safeguarding against potential losses or damages. Builder’s Risk policies often exclude Contractor owned equipment.

Whether you’re familiar with CIPs or not, contacting your HUB broker can help you fill in the gaps in your coverage.

Learn more at hubinternational.com/construction.