

CHECKLIST

Your Essential Guide to Controlled Insurance Programs

For construction companies and contractors, controlled insurance programs (CIPs) could be instrumental in helping you become financially resilient, especially when insurance rates are rising, coverage limits are falling and capacity issues make it difficult to find coverage.

What is a Controlled Insurance Program (CIP)?

- In an owner- or contractor-controlled CIP (also known as a wrap-up), contractors' and subcontractors' insurance policies are consolidated into a single blanket policy.
- CIPs come in many varieties, such as general liability-only programs and "dirty" wraps for projects with major pollution exposures.

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

- ☐ Identify and bring in critical members, including the project sponsor, administrator and insurance broker.
- ☐ Obtain a defined scope of services from broker.
- ☐ Compile list of excluded contractors.
- ☐ Identify unusual project risks through a risk survey.
- ☐ Compare CIP to regular coverage to understand and price retained risk.
- ☐ Assess adequacy of liability limits; examine specific details to ensure proper coverage.
- ☐ Define and assign administrative, safety and drug test and return-to-work program responsibilities.
- ☐ Establish a procedure for conducting premium audits and follow up.
- ☐ Monitor experience modification factors; regularly review loss runs.

Key Insurance Considerations for Contractors and Sub-Contractors

- ☐ Establish specific coverages under CIP.
- ☐ Obtain evidence of contractors' other required policies. These may include:
 - ☐ **Workers' Compensation and Employers' Liability.** Both will be required if the wrap-up is general liability-only.
 - ☐ **Off-site General Liability.** Since the CIP covers bodily injury and property damage resulting from onsite work, protection will be necessary for "remotely-related" offsite incidents.
 - ☐ **Auto Liability.** Contractors and subcontractors often drive on-site for their operations.
 - ☐ **Professional Liability for some trades.** Check at hiring if the subcontractor is covered.
 - ☐ **Pollution Liability.** This is applicable for some trades that usually aren't covered under a general liability policy.
 - ☐ **Riggers Liability.** Depending on the project, this might be required.
- ☐ Excluded contractors must provide evidence of these same policies for onsite and offsite coverage

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.