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CONSTRUCTION WRAP UP
INSURANCE: OCIPS VS. CCIPS

OCIPs vs. CCIPs
Owner Controlled Insurance Programs (OCIPs) and Contractor Controlled Insurance Programs (CCIPs) also known as “wrap ups” typically provide general supervision liability insurance, workers compensation and excess liability coverage for the length of a construction project for all or a majority of the parties involved, including independent contractors, contractors, and subcontractors, rather than requiring each participant to be responsible for the procurement of their own insurance. Wrap ups are used on large individual projects or on a “rolling” basis by aggregating smaller projects which are started and completed over a defined time period.

The type of Controlled Insurance Program (CIP) is determined by the party that sponsors the wrap up. The construction project owner sponsors an Owner Controlled Insurance Program (OCIP), while a general contractor sponsors a Contractor Controlled Insurance Program (CCIP). The sponsor is in charge of securing insurance coverage, paying for and administering the insurance program.

Since wrap ups are loss sensitive, the ultimate insurance costs for a project are directly related to the claims activity and costs on the project. Therefore, implementing a comprehensive safety plan is critical to achieving cost savings. Recently, I’ve been seeing a trend towards CCIPs over OCIPs. Underwriters have been giving preferential rates to general contractors due to the fact that general contractors can typically achieve better results because they live and breathe safety every day. By running a successful CCIP, a general contractor stands to
increase their profit on a job by 1% to 1.5%. This profit motive drives general contractors to run a safer project.

The key advantage of wrap ups is control. Sponsors of a controlled insurance program gain control over:

- Costs
- Coverage terms and conditions
- Claims processes
- Loss prevention

For a more in-depth look at how sponsors gain control over these areas through wrap ups, I encourage you to read “Insuring Construction Projects Through Wrap Ups” in the White Paper section of the Knowledge Center. OCIPs and CCIPs wrap ups are just one of the construction company insurance and risk management products that we offer.

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