

The Secrets Behind Successful OCIPs

Learning Objectives

1

Develop an understanding of OCIPs

2

Identify projects best suited for OCIPs

3

Recommendations to enhance OCIP/CIP results

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Develop An Understanding Of OCIPs



- OCIPs frequently referred to as
  - "wrap-up insurance“
  - or "wrap policies“
- A coordinated **insurance program** for construction projects
- Provides eligible participants with insurance



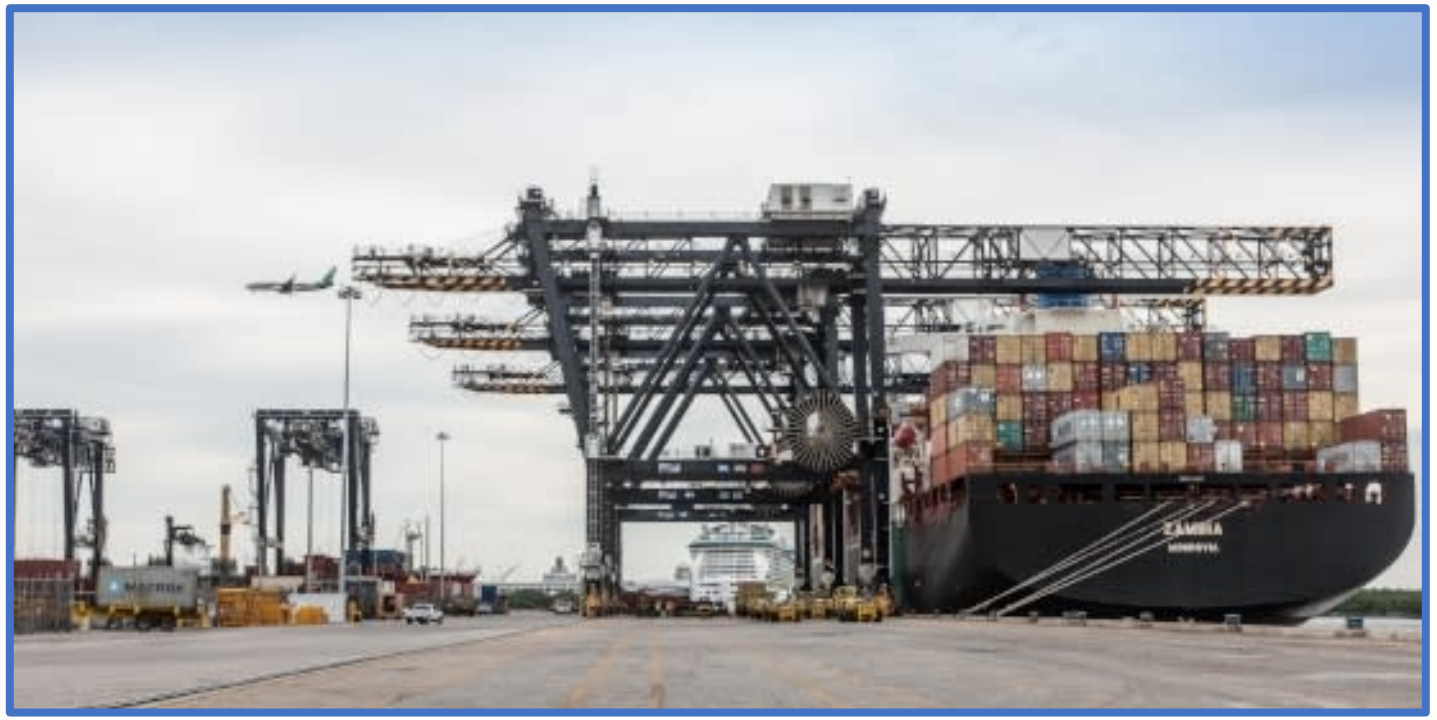
Insurance and Regulations

- Policy package usually contains, at a minimum
  - Commercial General Liability (CGL)
  - Excess liability insurance
  - Workers' compensation (WC)
    - Employers' liability (for regular civil actions arising from WC injuries)

- Policy owner vs. additionally insured
- Policy Singularity
- Application of limits
- Control of claims

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Develop An Understanding Of OCIPs



- Does not cover participants that perform hazardous operations
- Professional participants are usually not covered
- Completed operations is usually covered

What Coverages Are Typically Included And Excluded

- Included
  - General liability
  - Excess liability
  - Workers' compensation
  - Contractors' Pollution liability



- Excluded
  - Professional liability
  - Automobile liability
  - Equipment floater
  - OPPI*
  - Builder's Risk*

Insurance Required by the Contractor

- Off-site workers' compensation
  - Required by most States
- Off-site general liability
- Automobile liability coverage
- Inland Marine or contractor's equipment



OCIP may be set up in a variety of ways

- Depending on the project, there may be endorsements providing additional coverage such as
  - Contractors Pollution Liability (CPL)
  - Builders Risk Insurance
  - Terrorism insurance
  - Umbrella insurance

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Owner Insurance Program verses Contractor Controlled

OCIP

- Owner controlled
- Single project/site specific policy
- Insurances merged
- Insurance purchased by the owner

CCIP

- Contractor controlled
- Insurance paid by prime contractor
- Contractor responsible for all claims



PROS

Lower costs to the owner for bulk purchase of insurance

Owner enforces stringent safety and loss control procedures

Reduction in time required to obtain insurance certificates

Improved risk control and claim handling

Policy design by Owner results in total coverage with no gaps or insufficient coverage

Potential greater insurance limits

Potential for contractor to work on projects that contractor could not otherwise obtain



CONS

- Potential losses in already-paid insurance
- In some OCIPs, defense costs erode policy limits
- Increased administrator burden for broker and underwriter
- Deductions from contract value based on expected savings that exceed actual insurance costs
- Less total coverage available to compensate owner when project manifests multiple defects
- Contractors may have less incentive to control losses if they aren't buying their own insurance
- Potential for contractors to claim for non-project injuries not actually covered under OCIP

Considerations

Evaluate OCIPS Benefits To Traditionally Insured Projects

- Potential gaps in insurance coverage
- Uncompensated administrative costs of the contractor
- May disrupt contractor's longstanding relationships with current broker and insurers
- Increased accounting effort required to isolate contractor and subcontractor costs and insurance burden

Are Bid Deductions Accounted for?



BROWARD COUNTY INSURANCE COST/BID WORKSHEET FORM 2

Project Name	
Project/Contract Number	
Prime Contractor	
Contractor's Address	
Contact Name	
Telephone #	
Fax #	
Email	
Contract Amount	
Amount of Self Performed Work	
Federal ID #	
Work Comp Bureau ID #	
Description of Work	
Date	

Workers' Compensation Premium	$ -
General Liability	$ -
Excess Liability	$ -
Automobile Liabilty Coverage	$ -
Pollution Liability Coverage	$ -
Professional Liability	$ -
Builders Risk	$ -
Cyber Liability	$ -
Subcontractor Premiums	
Total Premiums	$ -

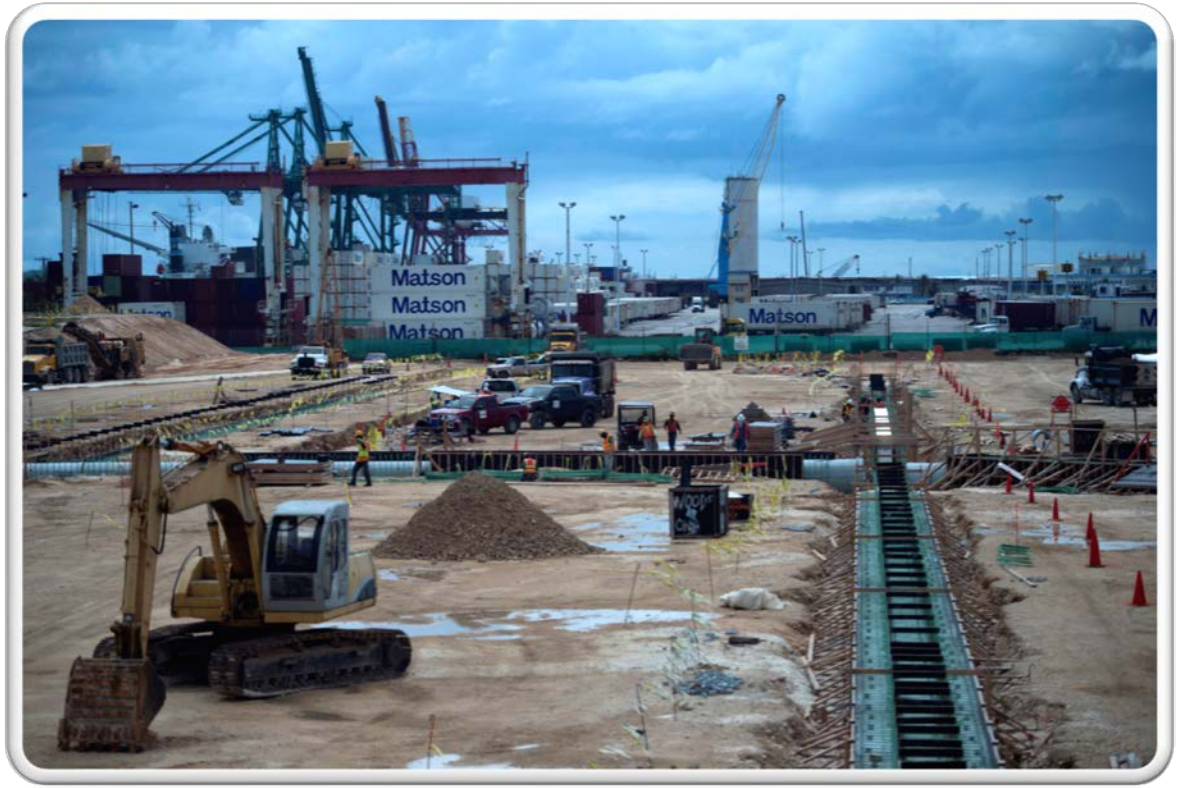
Identify Projects Best Suited For OCIPs

- Not always the most expensive projects
- Not a mixture of public entities or different government bodies
  - Becomes complicated with funding and claims payouts
  - Becomes complicated with taxing and audits
- No 3Ps (Public, Private Partnership)
- Identify the best contractors
- Success requires a dedication to safety

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Evaluating You Partnership With Contractors

- Must be compatible
- Must be a good fit with the owner's values and standards
- Communications
- Familiar with OCIPs



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Identify Partners Best Suited For OCIPs



- **Partnership, Partnership, TRUSTED Partner**
- Know the reputation and proven services
- Make the partner prove their worth
- When a bad incident occurs, are they standing beside you or hiding

- Public Exposures
- Operational Impacts
- Project Continuity
- Environmental Impacts
- Security

Manage Risk Approach in Preventing Accidents and Injuries



- Improving Injury Prevention Outcomes
- You must go beyond Compliance

Start With A Plan
Secrets to Success

- Bid Specifications Require OCIP Safety Plan
- Pre-Bid Meeting – Safety Program is discussed
- OCIP Safety Manual is signed off by Contractor before notice to proceed
- Collaborate with the project leadership team



Ongoing Contribution
Secrets to Success

- Build positive working relationships with field supervision
- Consistent participation in pre-planning activities
- Active involvement in field safety initiatives



Recommendations to enhance OCIP/CIP results



Know what the contractors would pay for their insurance



Contactor dedicated to SAFETY and not just “lip service”



Superior defense attorneys



Engaged and dedicated insurance broker



Medical provider provides occupational medicine doctors



Mandatory “Return to Work” program with each contractor and subcontractor



Insurance Broker

- Knows the construction business
- Connected and has access to all markets
- Works closely with the client

Superior Defense Attorneys

- Experienced in
  - Construction
  - Workers' compensation
  - Liability
  - Builders Risk
  - Statute of repose
  - Pollution
  - Contract law



Occupational Medicine Doctors

- Regional facilities for traveling construction workers
- Occupational physicians
  - Practiced in construction injuries
  - Familiar with Return to Work
    - Job description
    - Drug testing expertise
    - Functional capacity expertise
- Constant medical information
- Tele-medicine



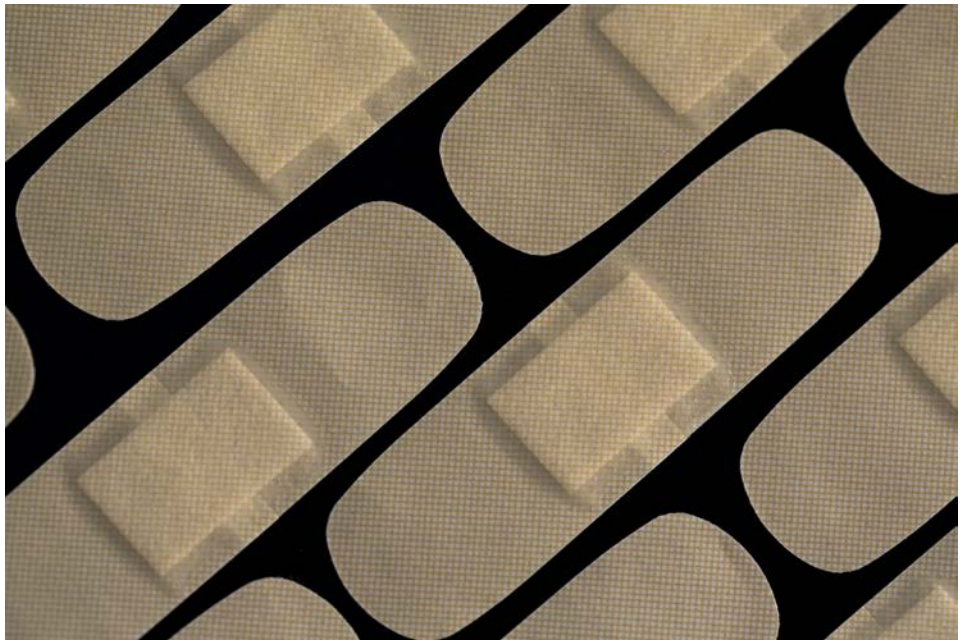
Risk Management Enhancements

- Drug Prescreening
- Hard Hat sign in sheet/Worker orientation
- Pre-qualification requirements
  - Ex Mods
  - Off site coverage



Mandatory “Return to Work” program

- Return employees with restrictions, not off duty
- Applies to al
  - Prime contractor
  - **All** subcontractors
- Be inventive



Closing Summary of OCIP/CCIP Presentation

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Questions?