



Construction Risk Advisor

October 2022

Wrap-up Insurance Programs for Construction Projects

Insuring all of the risks associated with large-scale construction projects can be a daunting task for the parties involved. As an alternative to having each party working on such projects obtain separate liability policies, project owners and general contractors can turn to wrap-up insurance programs to manage their specific risks. Sometimes referred to as a controlled insurance program (CIP), a wrap-up insurance program is a centralized insurance and loss control program intended to protect the project owner, general contractor and subcontractors under a single insurance policy or set of policies for a construction project. Insurers typically offer two types of wrap-up insurance programs, including:

- **Owner-controlled insurance programs (OCIPs)**—Under an OCIP, the project owner sponsors and controls the program. Accordingly, the project owner is the first named insured, while the general contractor, subcontractors and any other participants are named insureds.
- **Contractor-controlled insurance programs (CCIPs)**—Through a CCIP, the general contractor sponsors and controls the program. The general contractor is the first named insured, and the subcontractors and other participants are named insureds. Depending on the program, the project owner is either an additional insured or named insured.

Although each wrap-up insurance program is designed to meet the needs of a specific construction project, most programs insure employer's liability, general liability and excess liability exposures for claims arising from the project at the job site during the policy period. In some cases, builder's risk, environmental liability, contractor default and other types of coverage can also be included under a wrap-up insurance program. Further, professional liability coverage may be provided within these programs to insure architects, engineers and other design professionals working on construction projects.

Wrap-up insurance programs can provide a number of benefits, including potential cost savings, more consolidated insurance offerings, higher coverage limits, centralized safety and risk management services, efficient claims processing, reduced project disputes and greater access to projects. However, there are some drawbacks associated with these programs. Namely, such programs are often expensive to initially obtain and program sponsors are usually responsible for completing administrative tasks, such as reviewing and approving program documentation and consulting with underwriters to handle claims. Additionally, these programs are subject to market fluctuations and some coverage exclusions (e.g., losses occurring in transit, off-site or due to certain high-risk operations).

Overall, there is no universal approach to wrap-up insurance programs. The benefits and drawbacks of these programs require careful consideration, and such programs should be properly analyzed and tailored to meet associated construction projects' particular needs. For further information on industry-specific insurance solutions, contact us today.

