What is a Controlled Insurance Program or CIP / Wrap-up
How does it affect the Contractors

What is a CIP / Wrap-up:

A CIP is a Controlled Insurance Program that consolidates certain policies that cover a construction project and the Owners act as the primary policyholder. These typically cover all or most parties involved in a construction project, General Contractors and Subcontractors included. The main goal is to centralize insurance making sure all parties involved in the construction project have the same coverages and limits in place.

The Wrap-ups or CIP's (Controlled Insurance Programs) go my many names

- OCIP or Owner Controlled Insurance Program – Owner Developer
- CCIP or Contractor Controlled Insurance Program – General Contractor/Sponsor
- RCIP or Rolling Owner Controlled Insurance Program – Multiple projects rolling in and out
- SCIP or Sponsor Controlled Insurance Program – Developer/Owner
- MCIP or Maintenance Controlled Insurance Program

CIP Coverages:

The coverages could include:

- Workers Compensation (Work Comp/WC), General Liability (Gen Liab/GC) & Excess Liability (Excess Liab/XS) or a "Full Wrap"/2 Line
- General Liability Only" (GL Only) that has only the General Liability and Excess Liability coverages placed within the program; with this type of program your Workers Compensation will need to stay in place while on the job-site.
- Builders Risk can be involved with the coverages but will always be outside the CIP program. It could be either the Owners or General Contractors that are required to carry this coverage.
- Airside Auto Liability is another type of insurance that could be included within the program. This coverage is if there is construction around airplanes. Contractors could be required to carry this at specific limits required by the client.
- Auto Liability coverage will **NEVER** be covered within a CIP program.

Contractors' Coverages Already in Place:

It is understood that Contractors carry their own "Off-Site" coverages. These "Master Policies" cover the Contractors while they are working on other projects that are not part of a CIP program or Off-Site.

There is no real double coverage as while enrolled into a CIP program the contractors excludes their Master Program

1. Wrap-Up Insurance Covers the Project, Not the Contractor's General Policy's: This means that if a claim occurs during active work, it's handled by the wrap-up policy, not the contractor's stand-alone business insurance policy

2. The Wrap-Up Exclusion Clause - Many corporate insurance policies include a wrap-up exclusion that states: This exclusion prevents the contractor's own policy from covering losses that are already covered by the wrap-up program

3. Why It's Done

- **Risk transfer**: The wrap-up policy is designed to shift liability to the project sponsor (owner or GC) for all on-site work, so the contractor's insurer isn't duplicating coverage.
- **Avoiding double recovery**: Insurance rules generally prohibit collecting from multiple insurers for the same loss.
- **Clarity in claims**: It ensures that when a claim arises, the claimant knows which insurer is responsible — the wrap-up policy or the contractor's own policy — and avoids disputes.

4. When Coverage Still Applies: The contractor's own insurance may still apply for:

- Work done **off-site** (e.g., manufacturing, transporting materials)
- Hazards not covered under the wrap-up policy
- Claims that occur after the wrap-up policy has expired

5. Practical Takeaway: If you're on a wrap-up project, you should:

- Review your corporate policy for a wrap-up exclusion.
- Understand that your own insurance won't cover on-site work covered by the wrap-up.
- Maintain your own policy for off-site work and uncovered exposures.
- Provide a certificate of insurance to the project sponsor to confirm your coverage outside the wrap-up

5.31.2026

CIP Documents / Bid Spec Documents:

There should be a Contractors/Insurance Manual included within each Bid Spec. This same manual will also be included in each Contractor's executed contract. If no Contractors or Insurance Manual is included, it behooves each Contractor to ask if the project they are bidding is a CIP (Controlled Insurance Program), if so then they need said manual.

The manual explains what the Contractors can expect of the CIP program and what is covered. This also tells each Contractor what type of CIP the project is and what policies will cover your company along with how the project should be Bid.

- Bid Gross/Bid With Insurance
- Bid Net/Bid Without Insurance
- Add Alternate

Enrollment in these programs are mandatory before starting on the job-site Some rules to remember:

- ✓ There is no "Opting Out", unless the client has approved;
- ✓ Each Contractor is required to enroll before starting on the job-site especially if the policy coverage includes Workers Compensation.
- ✓ There is no choice in whether an insurance cost will be taken or not, it will be calculated and taken if the project is a Bid Gross or Bid With Insurance;
- ✓ There is also not an option for the Contractor to negotiate with the General Contractor (G. C.) if the program is an Owner Controlled Insurance Program or OCIP;
- ✓ **ALL** Elevator, Escalator, and Moving Walkways or Autowalk companies will be enrolled and an insurance cost taken if that is the bid method chosen by the Owner/G.C./Sponsor.

Some exceptions are:

a.) Suppliers, vendors, truck carriers or haulers, material dealers, delivery persons, haulers, hazardous waste removal contractors and abatement contractors;

- IF a truck/hauler is dedicated to the job-site and will not be driving off the job-site they would be included.

b) Manufacturers, fabricators or any other organization performing activities outside of the project who do not have on-site dedicated payroll associated with installation activities

- IF a Manufacturer's contract states "Supply and Install" they **WILL** be enrolled into the program. Even though they may not have any on-site labor their contract states they are responsible to install their product.

Bid Deduct Methodology:

Bid With Insurance:

- This bid method has the Contractors bidding with their insurance **Included** in their bid. Within their enrollments they would calculate out the insurance cost. The Administrator would then collect the Contractors Declaration & Ratings pages from their Master Policies to verify the insurance cost and issue an Estimated Insurance Cost Work Sheet.
- The Rates used are the policies that are in effect at the time the contract was executed.
- This insurance cost will be taken as an Estimated Insurance Cost in Change Order form.
- OCIP Admin would collect the Contractors Change Orders / Payroll if applicable through-out their work and keep a current insurance deduct.
- Once the Contractor is complete a final insurance cost would be calculated. The Owner would be asked to take the difference between what they took originally in the Estimated and Actual. Ex: $1,000 Est deduct, and $2,000 Act deduct. You would take the balance of $1,000 to equal the $2,000
- There could be an Excess Liability charge if that coverage is provide. Please make sure to read your manual. This charged is calculated on the General Liability Premium.
  Ex: Gen Liab $1,000 x 30% for the Excess Liab = $300. These 2 premiums add up to $1,300. If Work Comp is also a coverage in place you will need to add that calculated premium to the Gen Liab & Excess Liab.
- There could also be an Overhead & Profit charge on top of all the premiums calculated and usually this is 15%. This so-called charge is to make sure the Contractor is not charging any profit to the Owner of the CIP. Therefore, there is a set percentage that is added to the premium as calculated above. Again it behooves the Contractor to review any manual so they are aware of any additional charges.

Bid Net of Insurance Add Alternate:

- This bid method has the Contractors Bidding Net of their insurance but their Ratings will be collected to verify any insurance cost that would have been collected.

Bid Net of Insurance:

- This bid method does not collect any insurance cost from the Contractors to re-coup any Wrap-Up coverages.