INSURANCE

The Owner or his/her representatives should determine detailed insurance needs according to the specific requirements of the particular project. These may include but are not limited to:

- **Professional Liability** – Required for Architects / Engineers to respond and defend against damages due to their Error and/or Omission. Professional Services may include drawings, designs, plans, specifications, opinions or professional direction.
- **General Liability** – Protects against claims presented by third parties who suffer bodily injury or property damage as a result of the construction activity.
- **Automobile Liability** – Any individual or company operating a vehicle on the construction jobsite needs to maintain automobile liability insurance in the event of injury or property damage.
- **Workers’ Compensation** – Employers are required by statute to cover injuries to employees during the course and scope of employment.
- **Builder’s Risk** – Covers the project for damage to the materials and work itself while under construction. For new building construction either the Owner or the General Contractor can carry the Builders Risk insurance, just specify which. On existing building additions or renovations it is recommended that the Owner carry the Builders Risk insurance due to cost implications and having a policy already in place. The project documents should state which party has responsibility for providing Builders Risk insurance, and responsibility for paying the deductible amount.
- **Contractors Pollution Liability** – Policies provide protection for environmental claims that may arise at the jobsite caused by the contractor.
- **Bonds** –See Bonding Guidelines Section for additional information

On large and complex projects the Owner may elect to carry some of the insurance coverages in order to save costs and provide unified safety coordination by buying a project specific wrap-up policy. Under this type of arrangement the contractors reduce their costs by the normal premium they would pay for certain labor insurance coverages and the savings would be used to buy the policy. This is normally referred to as an Owner Controlled Insurance Program (OCIP). This same type of program may also be done by a General Contractor referred to as a Contractor Controlled Insurance Program (CCIP).

The OCIP or CCIP arrangement, however, could cause frustration for contractors that lose control over claims handling, which may ultimately be reflective on their Experience Modification Rating (EMR). Additional administrative requirements are also time consuming and costly.
Contact an insurance professional to help you with your questions and issues.

REFERENCES:
AIA A201 General Conditions
ConsensusDOCS 200 Owner/Contractor Agmt. and General Conditions

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