

BENEFITS OF OWNER-CONTROLLED INSURANCE PROGRAMS

Presented by: SCS Agency Inc

An owner-controlled insurance program (OCIP) is a type of a wrap-up insurance policy commonly used to insure construction projects. OCIPs replace the traditional method of insuring construction projects—that is, where the various parties involved obtain their own insurance coverage.

Instead, OCIPs provide the participants of a construction project with insurance coverage under one policy controlled by the project owner.

OCIPs offer a number of important benefits to the parties involved, particularly as it relates to the following:



Potential cost savings—OCIPs allow project owners to avoid the costs associated with contractors who carry overlapping insurance coverage as well as markups by contractors who would otherwise pass their insurance costs on to the owner. What's more, project owners' bulk purchasing power and economies of scales allow insurance to be obtained at a discount.



Peace of mind—OCIPs consolidate insurance policies into one, uniform insurance program, guaranteeing owners that individual contractors and subcontractors are adequately covered. Under OCIPs, project owners do not have to worry about the availability or adequacy of insurance coverage for individual contractors on the job site, differences in policy limits and deductibles, or liability that may arise if a contractor allows its insurance coverage to lapse.



Streamlined claims handlings—OCIPs facilitate more efficient and simplified claims processing. Under most OCIPs, a single insurance company is the control point for reporting claims, conducting investigations and making payments. With one insurer, claim settlement procedures are more consistent.



Reduced litigation—OCIPs can reduce potential litigation and disputes between insurance companies. With traditional insurance policies where each contractor purchases coverage through separate insurance companies, there is a greater chance of lawsuits being used to settle accident and injury claims. By relying on one central insurer, OCIPs eliminate the incentive for litigation amongst insurance companies.



Access to contractors—OCIPs give project owners more flexibility when selecting contractors, because a contractor's ability to meet minimum insurance requirements of the project is removed from the equation. As a result, the total pool of contractors available to a project owner is expanded through an OCIP.



Safety initiatives—OCIPs allow for the development of a centralized safety program covering the operations of all contractors and subcontractors. This, in turn, can improve overall workplace safety for the parties involved in a project.



Length of coverage—OCIPs cover the life of a project plus an extended completed operations period.