



## THE BENEFITS OF CONSTRUCTION WRAP-UP PROGRAMS

Construction projects can involve many contractors and often operate on thin profit margins. Wrap-up programs are a great tool for risk managers to contribute to a project's success. Not only do they reduce expenses, but they also provide improved safety standards, and better coverage – making them the essential consideration for savvy owners and contractors.

The typical approach of shifting risk from owners to contractors or subcontractors through contractual agreements can bring unforeseen consequences. Not only is a traditional model more expensive, but liability disputes may emerge due to conflicting contractual provisions and insurance terms and conditions. This can lead to costly and lengthy cross litigation between various parties involved in the project.

Fortunately, owners and general contractors have another solution--wrap-up programs that effectively manage all risks under a single insurance program.



### WHAT IS WRAP-UP LIABILITY INSURANCE?

Sometimes referred to as controlled insurance programs (CIP), wrap-up insurance programs are centralized insurance and loss control programs intended to protect the project owner, general contractor and subcontractors under a single insurance program for the construction project.

Wrap-up program advantages include:

- Ensures coverage for all enrolled contractors.
- Coordinated and consistent loss prevention services for all participating contractors.
- Coordinated medical treatment to manage injuries.
- Broad coverage with limits necessary to satisfy investor's requirements for all participants.

### THERE ARE TYPICALLY TWO TYPES OF WRAP-UP PROGRAMS OPTIONS:

#### OWNER CONTROLLED INSURANCE PROGRAM (OCIP)

Under an OCIP, the project owner sponsors and controls the program.

#### CONTRACTOR CONTROLLED INSURANCE PROGRAM (CCIP)

Under a CCIP, the general contractor sponsors and controls the program.

While wrap-up programs are most frequently used for large, single-site projects, a rolling wrap-up can be used to insure multiple projects under one program.



## BENEFITS OF WRAP-UP PROGRAMS

Wrap-up programs can provide several benefits, including the following:

### POTENTIAL COST SAVINGS:

Wrap-up programs are designed to reduce the overall cost of insurance by providing what amounts to volume discounts for the entire project.

**CONSOLIDATED COVERAGE:** Under the traditional approach by which parties procure their own insurance, it can be difficult to determine whether contractors and subcontractors have obtained the correct limits and types of coverage. By contrast, under wrap-up programs, the controlling entity exerts greater control over the types, scope and limits of coverage.

**HIGHER LIMITS:** Most wrap-up programs have high limits covering all enrolled contractors. Projects without a wrap up have individual limits for each contractor which may be inadequate.

### CENTRALIZED SAFETY AND RISK MANAGEMENT:

Program sponsors, working in conjunction with Kapnick, the carrier, and safety professionals, can maintain centralized safety and risk management services. Doing so can reduce the frequency and severity of injury and property damage claims, thereby reducing insurance costs for the project.

**EFFICIENT CLAIMS PROCESSING:** Because a single carrier is the control point for managing claims, the process tends to be more efficient under wrap-up programs.

**REDUCED DISPUTES AMONG INSURED PARTIES:** By covering all the parties on a project under one policy, wrap-up programs reduce coverage disputes and subrogation issues between insureds and insurance carriers for covered claims that occur on the job site.

**ACCESS TO PROJECTS:** For contractors and subcontractors, wrap-up programs can provide them with access to projects that they may not have otherwise been able to properly insure.



## WHAT TYPES OF COVERAGE DO WRAP-UP PROGRAMS PROVIDE?

A typical two-line wrap-up program includes primary and excess liability coverage. A three line wrap up adds workers compensation and employers' liability coverage.

In many instances, builder's risk, environmental liability, professional liability, contractor default can be included under a wrap-up program.

As each project is different, it is critical to have an advisor that can properly evaluate your needs and the best options for the program.

## KAPNICK CAN HELP.

At Kapnick, we can help. We have developed a specialized team of in-house, construction wrap-up experts to design, implement, and manage a wide range of wrap-up programs. We offer direct support not only to the wrap-up sponsor, but to individual contractors to support their enrollment and involvement in the program. Our team works hard to ensure our wrap-up programs are easy to navigate, helping with enrollment and close outs, manual support, safety and claims, payroll, and of course, placing and managing the coverage.

Kapnick has developed a specialized team of in-house, construction wrap-up experts to design, implement, and manage a wide range of wrap-up programs.

**If you are interested in evaluating a wrap up for your next construction project, reach out! Our experts would be happy to walk you through an evaluation and wrap up pro forma.**

