

Understanding Owner Controlled Insurance Programs (OCIPs)

A Comprehensive Insurance Approach for Construction and Renovation Projects

A Centralized Insurance Strategy for Project Owners

Large-scale construction and renovation projects often involve a complex web of contractors, subcontractors and specialized trades. Without centralized oversight, insurance coverages can be inconsistent, overlapping or incomplete, leaving project owners exposed to both financial and operational risk.

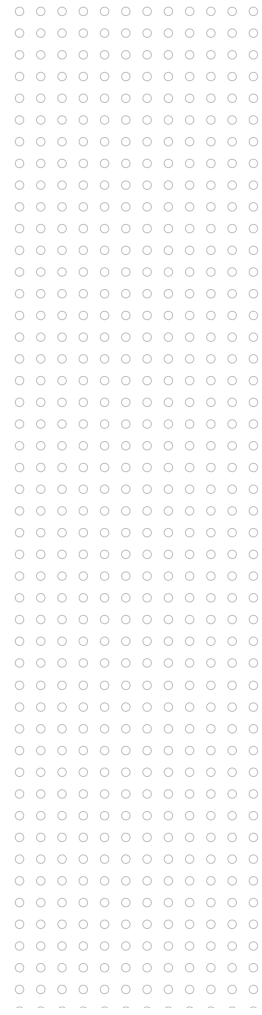
An Owner Controlled Insurance Program (OCIP) addresses these challenges by allowing the project owner to purchase and manage a single, consolidated insurance program that covers all eligible participants working onsite. This approach simplifies insurance procurement and administration, while also ensuring consistent protection across every phase of the project.

Key OCIP Advantages for Project Owners

OCIPs are increasingly being used by organizations seeking a more cohesive, transparent and cost-effective way to manage construction risk. Below are the primary benefits of implementing an OCIP:

Enhanced Cost Control

- By managing insurance directly, project owners can eliminate contractor markups and avoid redundant or overlapping coverages.
- Owners gain clear insight into insurance costs and terms.



Tailored, Consistent Coverage

- OCIPs provide uniform coverage across the project, reducing the risk of gaps, underinsurance or misaligned contractor policies.
- Insurance terms can be tailored to reflect the specific risks and requirements of the project, such as phased completions or unique environmental exposures.
- Coverage can be customized to address the specific needs of the project, including policy language, limits, and specialized protections such as Soft Costs and Delay in Start-Up (DSU) coverage, which offer direct protection for the project owner.



Improved Risk and Claims Management

- Project owners retain control over policy terms, insurer selection and the claims process, supporting faster resolution and minimizing conflict during loss events.
- Centralized safety initiatives and coordinated compliance protocols help lower the overall risk profile of the project.



Operational Efficiencies

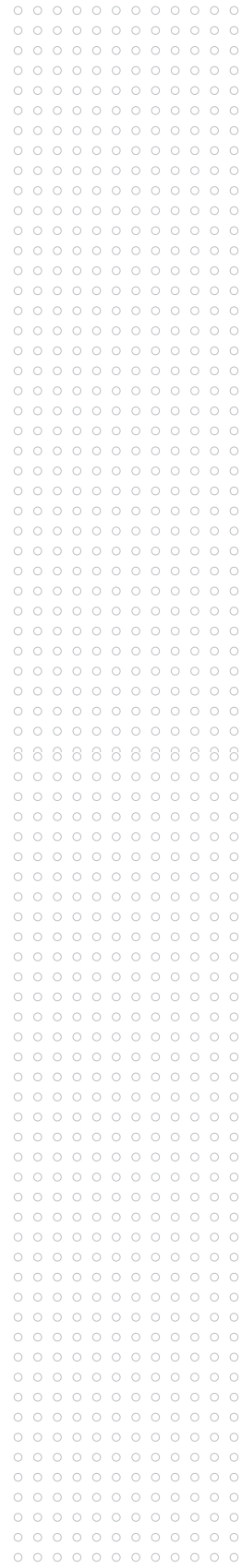
- Managing a single insurance program streamlines administrative oversight, safety standards and claims handling.
- Responsibilities such as audits and return-to-work processes are easier to coordinate, and “unknown exposures” common in contractor-controlled models are significantly reduced.



Exclusive OCIP Advantages

Some coverages and protections are available through an OCIP structure:

- **Delay in Start-Up (DSU) Coverage**
Protects the owner against financial losses caused by construction delays due to insured events—essential for projects with fixed completion timelines. While not included in all OCIP structures by default, this coverage is strongly recommended for owners seeking to safeguard anticipated revenue streams.
- **Lender Confidence**
Lenders frequently favor or require OCIPs due to their financial transparency and control, particularly when DSU coverage is included.



What Does an OCIP Cover?

COVERAGE TYPE	DESCRIPTION
Builders Risk / Course of Construction	Covers physical loss or damage to the construction work.
Wrap-up Liability	Protects against injury or property damage claims made by third parties.
Professional Liability	Addresses errors or omissions in design or professional services.
Equipment Breakdown	Covers mechanical or electrical breakdowns of critical construction equipment.
Delay in Start-Up (DSU)	Covers loss of income resulting from project delays due to covered incidents - included within the Builders Risk / Course of Construction insurance.
Optional Enhancements	Includes environmental liability, latent defects, marine transit, terrorism and more.

Implementation Checklist for Project Owners

Before implementing an OCIP, owners should follow a structured approach to ensure effective program design and execution:

- Identify key stakeholders, including an insurance broker
- Define the project scope and conduct a detailed risk survey
- Compare OCIP coverage against traditional insurance to understand retained risk
- Determine administrative responsibilities for claims, safety and audits
- Review and amend contract forms to reflect identified procurement strategy

A Strategic Insurance Solution

Whether managing a single complex renovation or a portfolio of projects, OCIPs provide a disciplined and comprehensive approach to construction insurance. By centralizing control, enhancing transparency and aligning coverage with actual project risk, OCIPs support stronger project outcomes and improved financial protection.

[Contact a HUB construction insurance specialist](#) to learn how an OCIP could align with your next project.