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Guide to FHWA Funded Wrap-Up Projects

II. Overview

- A. The Owner-Controlled Insurance Program is an asset protection option designed for major construction projects that allows coverages for multiple insured entities to be "wrapped up" into a single consolidated insurance program. OCIPs have been used for more than 30 years on private and public projects that include every type of construction - rail systems, airports, highways, stadiums, convention centers, prisons, bridges, schools, hospitals.

One of the first types of wrap-up programs was the Defense Rating Plan (DRP). The DRP was developed for use at Department of Defense DOD projects, (and later adopted by the Department of Energy DOE) presenting hazards that contractors' insurance companies were unable to respond to. The DRP used insurance carriers to issue workers' compensation and general liability policies, with one significant difference - no insurance (or risk transfer was provided). The "project" concept was adapted by the private sector in the 1970's in an effort to control the insurance costs associated with major projects which were ranging from 5 percent to 10 percent of total project cost.

- B. Concept - Under an OCIP or "wrap-up" program, a single insurance program provides insurance for the owner and all eligible (on-site) project contractors and subcontractors. Wrap-ups can be owner sponsored (OCIP) or sponsored by the prime or general contractor (Contractor Controlled Insurance Program - CCIP). The total premium to cover the owner and contractors under a wrap-up tends to be significantly less than the total premium charged if each contractor buys its own insurance and includes that cost - plus any mark-up - in its bid to the owner. The program facilitates the inclusion of small and minority businesses by eliminating insurance barriers. The wrap-up provides a single point of focus for safety and claims management offering a coordinated approach specifically tailored to the project. This eliminates disputes among contractors and their insurers, reduces the disruption at the work site and can minimize potential delays attributed to accident investigation.

- C. Types of Wrap-up Insurance Programs - Wrap-up programs come in a variety of forms:

1. **Rolling Wrap-up:** Multiple projects are included under one program. These projects might be under the eligibility threshold on an individual basis. This type of program could be used not only for new construction, but renovations such as corridors, where several projects/contracts will be initiated.
2. **Contractor Controlled Insurance Program (CCIP):** Essentially the same as a wrap-up except the controlling

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