



## *Wrap-Up Liability Insurance Also Known As Consolidated Or Controlled Insurance Program (CIP)*

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Wrap-Up insurance is generally known to be an insurance policy or series of insurance policies which cover all or most of the parties on a single construction project, including the general contractor, subcontractors, and suppliers. Wrap-up insurance policies are also known as Consolidated or Controlled Insurance Programs (CIP).

There are two main types of CIP's. If the policy is purchased by the owner, it is commonly referred to as an Owner Controlled Insurance Program, or OCIP. On the other hand, if it is purchased by the contractor, it is referred to as a Contractor Controlled Insurance Program or CCIP.

Historically, Wrap-Up insurance was used on large public works or commercial projects. The programs typically included multiple types of coverage such as liability, builders risk insurance and workers' compensation.

As a result of the rapid growth, owners and developers turned to project specific Wrap-Up CGL (commercial general liability) insurance policies.

As insurers became more competitive, the premiums charged for Wrap-Up CGL policies decreased significantly. As insurance carriers, owners, and contractors have become familiar with the new policy forms, the use of these policy forms continued to expand.

Further, project specific Wrap-Up CGL policies have continued to grow at a very fast rate.

Furthermore, owners can purchase extended completed operations coverage which provides protection from liability claims for as long as ten years after completion.

Owners can also obtain broader coverage under an OCIP or a CCIP than is generally available under the additional insured coverage provided by contractors or subcontractors.

**The main danger to owners and contractors is dealing with new policy forms that are not well known or understood by many insurance brokers. Because of this, owners should use an experienced broker who has worked with Wrap-Up insurance coverage previously on construction projects. Contractors who are not familiar with this area should seek competent counsel.**

The downside of these policies is that it is hard to insure projects, yet the upside is better potential savings and better coverage.

**Again, use the services of an experienced insurance broker, risk manager, or attorney.**

Attorney Sam Abdulaziz of Abdulaziz, Grossbart & Rudman has been practicing construction law for over 30 years. He has written a book called "California Construction Law" which is updated annually. He represents numerous construction trade associations and contractors. He appears at Contractors State License Board meetings and has argued a number of cases before the appellate courts, including the California Supreme Court dealing with the "Pay-If-Paid Clause." Abdulaziz, Grossbart & Rudman provides this information as a service to its friends & clients. The documents are of a general nature and are intended to highlight areas of the subject matter and should not be used as a substitute for legal advice. It is intended to highlight the areas being discussed. This document does not create an attorney-client relationship, or protect any confidential information until a written agreement is signed. You should seek the aid and advice of a competent attorney, accountant and/or other professional instead of relying on the presentation and/or documents.

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## *Orange Empire SMACNA's 19th Annual Technical Seminar*

Orange Empire SMANCA held its 19th Annual Technical Seminar on Thursday, May 28, 2009 at Disney's Paradise Pier Hotel. The event was a huge success with over 200 people in attendance, along with 13 table top displayers from suppliers throughout the country.

The seminar hosted three educational sessions, including: BIM Strategies & Economic Benefits, presented by Mark Terzigni; The Enigmatic California Mechanical Code, presented by Bob Guenther; and LEED- Deciphering the New Credit System, presented by Nora Calato. After a scrumptious hosted dinner, a raffle was held and prizes such as SMACNA technical manuals, Angels tickets, and an Acer Netbook were presented to the lucky winners.

Orange Empire SMACNA would like to give special thanks to all the attendees and volunteers who made this event such a success.



## **Orange Empire SMACNA** *Gene Powell Golf Classic*

*Monday, September 14, 2009*



***Los Coyotes Country Club***  
***8888 Los Coyotes Drive***  
***Buena Park, CA 90621***



## Summer 2009

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### Save The Date:

#### Gene Powell Golf Classic

\*New Date and Location\*  
September 14th  
Los Coyotes Country Club

#### SMACNA Annual Convention

October 11th - 14th  
Palm Desert, CA

### OE Executive Committee:

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## ***NOTICE - CAL SMACNA/ JCEEP -Joint Committee on Environment and Energy Policy issued the following special press release concerning a white paper commissioned by the committee for the HERS Rating System***

Sacramento, CA – A recently commissioned white paper found that the expansion of the HERS rating system by the California Energy Commission to non-residential buildings will not work because non-residential HVAC systems are more complex.

The air conditioning systems in non-residential buildings are more complex, beyond the skill sets of current Home Energy Raters (HERS)," said Eli P. Howard, III, Executive Director Technical Services of the Sheet Metal and Air Conditioning Contractors National Association, a trade group. "The White Paper shows the difference in system complexity between a 1,500 square foot house and a 50,000 square foot office building."

"California is attempting to expand the HERS residential third-party verification system into the commercial environment. Home Energy Raters are not required to have the level of experience and training necessary to verify the more complex commercial HVAC systems."

The paper by James E. Wood, Ph.D., The Buildings Diagnostics Research Institute Executive Director, found that to meet the goals of Title 24 2008, new standards for the means and methods of measuring and verifying air tightness of non-residential air distribution systems is needed.

"This is a good first step in that it raises very important issues that will have to be resolved to achieve the level of efficiency needed in the state of California," said Marshall Hunt, Program Director of the UC Davis Western Cooling Efficiency Center. "A key to the process is to inform and educate. You cannot make an informed decision unless you know what the issues and options are."

Commissioned by the Joint Committee on Energy and Environmental Policy (California SMACNA and California SMWIA), members were concerned that the current system of testing and measuring standards for residential and light non-residential buildings could not begin to deal with other issues such as fire safety in modern non-residential buildings.

"The more complex HVAC systems found in today's commercial buildings demand any verification agencies or individuals be trained in these applications" said Mike Pence, Vice President and Chief Operating Officer of Control Air North, a Northern California company that specializes in large commercial/healthcare projects throughout the state. "For example, the fire-life safety and 'Green Technology' applications have added sophisticated software systems and in-line devices to all commercial HVAC systems in California.

"These systems generally have increased duct leakage due to the addition of numerous fire-smoke dampers and increased access points for system verification and maintenance. Understanding the unique aspects of U.L. listed applications, sophisticated software, manufacturer's product tolerances and operating features are all part of today's healthcare, bio-pharmaceutical, science research and commercial facilities. The scope of understanding far exceeds the limits of the HERS rating system."

The white paper can be downloaded from [www.iceep.net](http://www.iceep.net).

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