

Municipal Capital Project Management

Owner Controlled Insurance Protection

Distinctive. Choice.



ADVANTAGES OF OWNER CONTROLLED MUNICIPAL CONSTRUCTION INSURANCE

The vast majority of construction projects throughout the world are now insured on an Owner Controlled "Wrap Up" basis (covering all project parties), particularly where the Project involves a number of contractors / sub-contractors.

It is the Owner who will suffer most if the insurance program does not protect the project assets, liabilities and potential revenues. It is natural therefore that the Owner should control the insurance arrangements.

"Wrap Up" policies can cover:

- Damage to the Works (at site and in transit)
- Third Party Legal Liabilities
- Advance Loss of Profits / Delay in Start Up



The advantages of an Owner Controlled program can be considered under 3 headings:

Financial

- Reduced premiums
- Owner awareness of "true" premium cost for entire project
- Certainty that premium has been paid
- Deferred Premium Installments

Commercial

- Non-cancelable policies for entire Project period
- Control of market capacity
- Choice of Insurers
- Common Broad Form of policy cover
- No uninsured contracts
- Interface with Operational Insurances
- Ability to purchase Advance Loss of Profits (ALOP) / Delay in Start Up Insurance

Claims

- Common deductibles
- Elimination of disputes between insurers
- Single approved Loss Adjuster
- Claims monies direct to Owner

If an accident or unforeseen event occurs to a Construction project, the last thing a municipality wants is to suffer project delays while the General Contractors' insurers and the Sub-Contractors' insurers determine the outcome of an insurance claim.

There are many examples of municipalities that have suffered through construction litigation which has resulted in significant additional expense and time delays. Projects have gone unused which consequently jeopardized the integrity of the original project.

Municipalities should take control of the outcome of any Project by ensuring a safe and organized approach to protection of the Capital Project from beginning to end.

JLT knows that organizing a Capital Project in a municipality is no small task. Insurance should be high on the list of priorities to ensure the success of the project. At JLT, we can provide you with the insurance expertise to make that happen.



Why Owner Controlled Insurance Protection Works...

- Potential insurance cost savings of up to 20% by eliminating “mark-ups” that Contractors apply to insurance cover to cover deductibles, “uninsured” events and renewal premium increases
- Control of premium payment to ensure that policies remain in full force and effect and are not cancelled due to non-payment by the Contractor
- Premium payment dates can be arranged to suit the Owner's financial budget
- Ease of claims handling by having a common panel of insurers involved in the overall project as opposed to involving several insurers on behalf of several different contractors, each with their own coverage issues

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