**Clause Description:**

Sometimes referred to as an OCIP – Owner Controlled Insurance Policy, the *Builder’s Risk (Owner Controlled)* insurance clause is used to provide coverage, subject to the applicable policy’s conditions and exclusions, for damage to the property (structure and materials) associated with a building project. The building project could be in the form of a new build construction or renovations / addition to an existing structure.

The Owner Controlled policy is arranged and purchased by the Owner of the project work such that the Owner “owns” the policy and is thereby at the frontline for interaction with the Insurer(s) of the project work.

Have predetermined start and end dates for the project.

Decide in advance of the work whether to share a copy of OCIP with the General Contractor, or whether you will only share upon the request of the General Contractor.

**The Recommended Clause – Builder’s Risk (Owner Controlled)**

**Owner Controlled Insurance Policy (OCIP)**

The Owner of the project will provide “All Risks” – Builder’s Risk property insurance which shall be in the joint names of the Owner, the Contractor and all Subcontractors involved with the construction at the Work site, insuring not less than the Target Price as at the Effective Date and the full replacement value of the insured property. The coverage shall be maintained continuously until the date of the Completion Certificate.

Operational testing, (start-up and test) insurance shall be in the joint names of the Owner, the Contractor, and all Subcontractors for not less than the replacement value of the materials and equipment and other insurable objects forming part of the Work. The insurance provided shall be maintained throughout the period of operational testing.

The insurance shall allow for partial or total use or occupancy of the Work.

The insurance shall provide that, in the case of a loss or damage, payment shall be made to the Owner and the Contractor as their respective interests may appear. At the direction of the Owner, the Contractor **may** act on behalf of the Owner for the purpose of adjusting the amount of such loss or damage payment with the Insurers. When the extent of the loss or damage is determined, the Contractor shall proceed to restore the damaged work. Loss or damage shall not affect the rights and obligations of either party under the Contract except that the Contractor shall be entitled subject to the Contractor’s Claims clause to such reasonable extension of time for any such delay.

**Deductible Payment Obligations**

The Contractor shall be responsible for deductible amounts under the policy except where such amounts may be excluded from the Contractor’s responsibility by the terms of the Contract.

**Reporting Obligation**

In the event of an incident, occurrence or loss that may result in a claim under the above policy, the Contractor shall immediately report the incident, occurrence or loss in writing to the Owner and the Engineer.

*(The entities (i.e. Owner, Contractor, Engineer) in red font are descriptors that you can substitute for the entities required for your own specific contract.)*