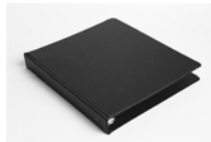


Session Goals



- Review contents of typical CIP manuals
- Identify potential problem areas
- Discuss best practice ideas for drafting better manuals
- Inspire focus & improvement



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11-15-10

Deconstructing The CIP Manual

Purpose Of CIP Manual



- Program road map
- Convey info to participants
- Set forth roles & responsibilities
- Ease administrative burden
- Use in the event of a dispute
- Contract document?
- Extension of brand?

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Deconstructing The CIP Manual

Form Examples



ACME GENERAL CONSTRUCTION
Invitation to Bid

Date:
Bid Package Number:
Project:

Gentlepersons:
You are hereby invited to submit a proposal to provide all supervision, materials, equipment and labor required to complete all work as described for Bid Package No. _____ in accordance with Contract Documents as prepared for and by:

Owner:
Project Architect:
Construction Manager:
Pre-bid Meeting Date:
Proposal Submission:
Due Date/Time/Location:
Bid Guarantee:
Insurance Requirements: See attached enlargement
Bid Opening:
Communications:
Addenda:
Taxes:
Contract Documents:
Document Review:

Sincerely,

Construction Manager or GC

STANLEY GENERAL CONTRACTING
Proposal Form

Date:
Bid Package Number:
Project:

A. Proposes to furnish all labor, materials, equipment and services as required to satisfactorily complete etc.
B. All work required by the foregoing documents will be accomplished for the Lump Sum Bid Price of _____ Dollars (\$ _____)

INCLUDES all insurance premiums required to meet the requirements outlined in (insert document name) for Excluded Parties; etc

C. This Proposal shall remain valid for acceptance for sixty (60) days from the final due date.

D. The above price includes all stipulations and requirements of etc.
E. MILESTONE SCHEDULE DATES
F. TRADE SUBCONTRACTORS
The following trade subcontractors are proposed, etc.
G. UTILIZATION OF MINORITY CONTRACTORS AND SUPPLIERS
H. UNIT PRICES (See Attached)

I. ALTERNATE PRICES
1. In accordance with Owner Controlled Insurance Program (insert document here) state the amount to be deducted from the base bid to participate in the Owner Controlled Insurance Program. Deduct \$ _____

J. ALLOWANCES
K. COST AND QUANTITY BREAKDOWN
L. SCOPE OF WORK
M. SPECIFICATIONS
N. CONTRACT DRAWINGS
O. BIDDER SIGNATURE _____ Signature of Contractor

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Financial Impact Recap



- Bid method-gross or net
- Participant deductibles & fines
- Safety rules, i.e.
 - 6 foot tie off
 - Full time safety professional requirement
 - Drug screening
 - Orientation requirement
- Certified payroll requirement
- Mandatory overhead & profit % application
- Mandatory umbrella rate application
- Close-out adjustment

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Possible Excluded Parties



Architects	Janitorial Services	
Asbestos	Material Dealers	
Blasting	Owner Operators	
Concrete Pumping	Parties who do not perform labor at the site	
Consultants	Ready-Mix	
Crane/Person lifts	Security/Guard Services	
Demolition	Suppliers	
Engineers	Surveyors	
Environmental Consultants	Temporary Fencing	
Equipment Rentals	Temporary Toilets	Office/clerical
Fabricators	Temporary Trailers	Corporate employees
Flagging	Testing or Inspection	Drivers, delivery employees
Haulers/Truckers	Vendors	Shop/fabrication employees

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Deconstructing The CIP Manual

Policy Term



FROM MANUAL-The general liability policy is not intended to cover warranty work performed by the Enrolled Contractor after they have completed their work and submitted a Notice of Work Completion/Termination form..

FROM GL POLICY-The extended ongoing operations coverage for repair work shall be in effect for two (2) years after completion of the project.

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Covered Location



GL-The Project Site also includes areas adjacent to the above described location where incidental operations are performed, excluding permanent locations of any insured party other than the owner

GL-It is agreed that the policy applies to all operations conducted at, by or from the project site.

GL-The term “from” means emanating from Project Site.

WC...coverage will cease for any employee when leaving this Project for reasons other than work related activities

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Products Coverage?



GL POLICY-This insurance does not apply to “bodily injury”, “property damage” or “personal and advertising injury” arising out of “your products” or any products manufactured, sold, handled, distributed, or disposed of by any Named Insured or Additional Insured

GL POLICY-As part of excluded party language-...not insured under this policy:

Any person or organization while fabricating or manufacturing material away from the Designated Project(s).

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Written Contract Requirement



I. Who is an insured is amended to include as a Named Insured all contractors for whom any named insured has agreed by written contract prior to the loss to provide general liability coverage under a wrap-up insurance program for the “designated project” and for whom the “Wrap-Up Administrator” has created an enrollment record but does not include vendors, suppliers, offsite fabricators, material dealers and others who merely make deliveries to or from the “project site(s)”.

II. Any contractor or subcontractor, of any tier, to whom the 1st Named Insured contracts to furnish insurance under this CIP for work at the Designated Project(s) and have been enrolled as participants in the CIP.

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Written Contract Requirement



III. The term “Contractors: as used herein shall mean contractors who have executed a written agreement pertaining to said Contractors performance of work at the Project Site, have been enrolled in this program and who performs operations at the project site in connection with the project.

As part of excluded party definition:

...not insured under this policy:

An contractor, subcontractor, supplier, vendor or common carrier to whom the 1st Named Insured is not contracted to furnish insurance under this CIP for work at the Designated Project(s).

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NOTICE OF CONTRACT AWARD

(Complete a Separate Form for Each Contract Award)

Name of Contractor Completing Form:	
Contact Name:	
Contact Phone:	
NEW CONTRACT INFORMATION	
Name of subcontractor awarded contract:	
Type of work performed:	
Address:	
City, State, Zip:	
Contact Name:	
E-mail:	
Telephone:	
Is there a subcontract, purchase order or other written agreement?	
Have you passed along the OCIP Manual and its requirements contractually to this subcontractor?	
Is this subcontractor aware of the orientation & drug screening requirements?	
Do you understand that you are responsible to collect this subcontractor's deduct amount?	
Estimated contract amount:	
Estimated start date and duration of work	

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Insurance Requirements

Subcontractors are responsible for collecting, monitoring and retaining copies of their sub-subcontractor's Certificates

From Sample Cert-No exclusions for residential work or operations in the General Liability coverage is allowed

When setting up sample certificate include [hiring subcontractor name] for additional insured-Esp. for excluded party certificates

Umbrella/Excess Liability Insurance	EO/GA/PCO Limit
Contracts over \$500,000	\$5,000,000
Contracts \$100,000 TO \$500,000	\$2,000,000
Contracts less than \$100,000	\$1,000,000

Ins req-Each Enrolled Party will provide Completed Operations coverage from termination of the CIP provided Compl Ops coverage through the applicable Statue of Repose

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Bid Credits



From Same Manual

I have omitted from my bid the insurance costs for the coverage provided by . I further agree to the Verified Insurance Cost Rate as described in the Insurance Manual.

Each Subcontractor is required to **include** in its bid its normal cost for the insurance coverages that are provided under the CCIP program. However, the Subcontractor is also required to identify with its bid an "alternate" to the Subcontractor's and its sub-subcontractor's insurance costs as if CCIP Insurance coverage was not provided ("Subcontractor Insurance Cost").

A separate Form is required for the Subcontractor's self-performed work, each identified sub-subcontractor, and an estimate of each unidentified sub-subcontractor at the time of the bid.

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Bid Credits-Documentation



- Copy of your unmodified Workers' Compensation insurance policy and rate pages which display the policy term, the applicable rate(s) for the work and premium calculation
- Copy of your unmodified General Liability insurance policy and rate pages which display the policy term, applicable rate(s) for the work and premium calculation
- Copy of your unmodified Umbrella or Excess Liability policy and rate page which display the policy term, the applicable rate(s) for the work or indicates a flat basis.

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Mark-up, Profit & Overhead



Mark Up – 15%

Calculate Mark-Up (15% times sum of insurance costs in

The is determined by dividing the Subcontractor's or Sub-subcontractor's Total Verified Insurance Costs into the Subcontractor's or sub-subcontractor's Estimated Payroll as detailed on the Form The Verified Blended Payroll Rate is based upon per \$100 of Site Labor.

Example:

Verified WC costs of	+ \$140,497
Verified GL costs of	+ \$66,603
Verified Excess/Umbrella costs of	+ \$2,788
15% Profit & Overhead amount of	+ \$31,483
Total Verified Insurance Costs of	= \$241,372
Divided by Estimated Payroll of	÷ \$1,689,580

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Bid Credits



Until each Subcontractor of any tier submits all required documentation to calculate the subcontractor insurance cost, a subcontractor insurance cost equal to 3% of the contract value shall be utilized.

Estimated subcontractor premiums—Attach a worksheet for each subcontractor OR calculate 4% of the subcontract value for each subcontractor's estimated insurance cost.

Change Order Procedures

Subcontractors will price Change Orders to **include** their Insurance Cost and must provide an estimated payroll, including sub-subcontractors estimated payroll, amounts for work performed under the Change Order, unless otherwise directed

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Large Deductible Programs



If the Subcontractor is self-insured or carries a deductible or declares a dividend credit for its Workers' Compensation and/or General Liability program, then the following must also be provided:

- Deductible page(s)
- 5 Years of loss history for entities that retain losses
- 5 Years of audited payroll by annual total

5 years-actual loss experience for each line of coverage in which Contractor retains more the \$5,000

Any contractor whose current insurance program is on a retrospective rating plan, large deductible or self-insured program must work with the CIP administrator to ascertain the appropriate insurance cost calculation.

* Deductible and Self-Insured Retention Credits shall be identified but not allowed. Since these types of programs require loss funding, the credits or the loss pick must be identified but not allowed in calculating the total workers' compensation premium. Composite Rates must have rating sheets. Corporate Allocations must include the actual insurance company rating. Provide additional documentation for all such credits.

Apply % to fixed rate, i.e. 30%?

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Labor/Wage Rate Worksheet



LABOR WAGE RATES
PROJECT NAME _____

SUBCONTRACTOR'S HOURLY PAYROLL
COST CALCULATIONS

Subcontractor: _____ Craft Name: _____
 Job Description: _____ Craft No.: _____
 By: _____ Class: _____
 Title: _____
 Date: _____

		Straight Time	Time and One-Half	Double Time
1) Wage Scale Effective: 6/30/2009	\$ 36.54	\$ 36.54	\$ 54.81	\$ 73.08
2) Vacation: Scheduled - Base Payroll	\$ 2.25	\$ 2.25	\$ 3.38	\$ 4.50
3) Union Contributions	\$ 28.17	\$ 28.17	\$ 42.26	\$ 56.35
4) Health & Welfare	\$ 1.24	\$ 1.24	\$ 1.86	\$ 2.48
5) Retiree Welfare	\$ 0.30	\$ 0.30	\$ 0.45	\$ 0.60
6) Pension	\$ 1.24	\$ 1.24	\$ 1.86	\$ 2.48
7) Vacation Holiday/Class	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
8) Ind. Equip.	\$ 0.11	\$ 0.11	\$ 0.17	\$ 0.22
9) Training/Retiree	\$ 0.24	\$ 0.24	\$ 0.36	\$ 0.48
10) Annuity	\$ 1.01	\$ 1.01	\$ 1.52	\$ 2.03
11) Contract Admin.	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
12) _____	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
13) FICA	\$ 3.33	\$ 3.33	\$ 5.00	\$ 6.67
14) Federal Unemployment	\$ 0.20	\$ 0.20	\$ 0.30	\$ 0.40
15) State Unemployment	\$ 1.81	\$ 1.81	\$ 2.72	\$ 3.63
16) Worker's Compensation	\$ 3.92	\$ 3.92	\$ 5.88	\$ 7.84
17) Liability Insurance	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
18) Overhead & Fee	\$ 11.77	\$ 11.77	\$ 17.66	\$ 23.55
19) Total Charge	\$ 112.00	\$ 112.00	\$ 168.00	\$ 224.00
20) Consumables	\$ 112.00	\$ 112.00	\$ 168.00	\$ 224.00
TOTAL BILLING RATE	\$ 224.00	\$ 224.00	\$ 336.00	\$ 448.00

Basis for Calculation (explain): _____ Should be at straight time
 Overtime: _____
 Subcontractor: _____
 Total Pay: _____

If requested, Subcontractor shall submit any documentation required to support the figures used in setting a hourly rate. Hourly rates are subject to audit and adjustment to actual. Reimbursements for expenses shall be properly made by Subcontractor.

Approved By: _____ Date: _____
 Approved By: _____ Date: _____

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Fines/Assessments/Deductibles



General Liability Obligation
 At XXX's discretion, the Subcontractor may be required to pay up to the first **\$5,000** per occurrence to the extent losses payable are attributable to Subcontractor's Work, or the acts or omissions of its sub-subcontractors or any other party performing any of the Work for whom the Subcontractor may be contractually or legally responsible. All monies collected via this obligation will be reinvested into site safety/performance awards

**GENERAL
 LIABILITY
 DEDUCTIBLE
 ASSESSMENT**

\$25,000 maximum per occurrence caused by contractor or its subcontractor of any tier subject to adjustment to equal contractor's corporate general liability policy (non-OCIP) deductible with a minimum of \$5,000 or the actual amount of loss, whichever is less.

Report all Liability claims to the Site Safety Manager.

Subcontractors may be assessed a \$2,500 penalty for any property damage claim reported. This is at the discretion of the Sponsor.

Subcontractors may be assessed a \$1,500 per week for failure to implement return to work program requirements. This is at the discretion of the Sponsor.

Subcontractors may be assessed a \$2,500 penalty for subcontractor or sub-subcontractors of any tier not providing requested documents.

Failure of a Subcontractor to provide reasonable Modified Alternate Duty to an injured worker will result in a \$1,500 weekly assessment against the Subcontractor until the injured employee is returned to work in either a modified alternate duty position or full duty.

Small Print



Completion of this form is a required part of your bid and must accompany your bid documents. Complete a separate form for each contractor, known subcontractor(s) and trades not currently awarded to a subcontractor. Duplicate this form as needed.

On Payroll Form-I/We certify the above is an accurate statement of payroll and/or receipts and all employees were drug and alcohol free on the above project during the period stated. ???

Insurance carriers may not conduct an investigation of smaller builders risk claims. These incidences could be subject to arbitrary apportionment by the owner or administrator.

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Endorsing Participant Policies



Contractor should notify its own insurance carrier to exclude all work done under this contract from your current insurance program.

The policy will be endorsed to exclude the project-Included with offsite and automobile requirements.

Any contractor who has completed their work and whose OCIP insurance has been terminated and who returns to the site to perform warranty work does so under its own insurance coverage and not under the OCIP. Contractor shall remove the Designated Workplace Exclusion Endorsement from their policies when OCIP coverage is terminated.

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Endorsing Participant Policies



It is recommended that program participants endorse their standard policies to apply as excess/and or DIC over the CIP coverages however the Contractor shall do so at no expense to the Sponsor.

In order to eliminate duplicate insurance premiums all enrolled contractors shall amend their insurance program to recognize coverage provided to them under the CIP. It is suggested that enrolled contractors' policies exclude coverage for this Project Site only to the extent coverage is provided for this project by the CIP.

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Deconstructing The CIP Manual

Best Practice Recap



- Keep it Clear-Fair-Simple
 - (Test it)
 - (Contest it)
- Match manual to policy & contract doc(s)
- Include policy links or provide website link to policies
- Include fillable PDF forms
- Allow generic forms, i.e. worksheet

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Best Practice Recap



- Eliminate or minimize small print
- Include a one-page procedure/process recap
- Include information about CIP carrier audit process
- Consider eliminating participant deductibles? 😊

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Deconstructing The CIP Manual

Best Practice Recap



- Plainly describe items with a financial impact:
 - Bid method-gross or net
 - Participant deductibles & fines
 - Safety rules, i.e.
 - 6 foot tie off, Full time safety professional requirement, drug screening, orientation requirement
 - Certified payroll requirement
 - Mandatory overhead & profit application
 - Mandatory umbrella rate application
 - Close-out adjustment

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