

## **Owner Controlled Insurance Program (OCIP)**

An OCIP, Owner Controlled Insurance Program, is a centrally procured and managed insurance and risk control program implemented for a single construction project or a series of construction projects. Rather than each contractor providing its own insurance and passing this cost to the owner through the construction contract, the owner of the project purchases certain lines of insurance (such as general liability, excess liability, and workers compensation) to cover most of the contractors on a job site.

Aggressive risk control and claims management measures are then implemented for the project. Potential cost savings arise from the prevention of losses, reduction of the cost of those losses through consolidated claims management, reduction in cost of claims through a single insurer's legal defense, and reduction in premiums from the negotiating clout achieved by combining multiple insurance programs into one. In addition to achieving cost savings, OCIPs may be used to obtain insurance coverages and limits otherwise unavailable for a construction project. The OCIP sponsor procures and manages the insurance policies covering the interests of all or most of the contractors on the project. The key element of an OCIP is the owner maintains control of the insurance program, risk management program, and claims management program for the entire construction program. This approach differs from the traditional approach from which each contractor on a job site procures and maintains its own insurance policy with vastly different, terms, conditions, limits, and insurance coverages.

Under the Department's OCIP program, subcontractors with contracts under \$100,000 will have the insurance barrier removed by being enrolled in the program at no cost.

OCIPs have been in existence for many decades and are often used by public entities to achieve multiple benefits as described above. In 1999, Government Code 4420 was amended to allow the State of California to utilize OCIPs for a single construction project of at least \$125 million in construction value or a program (also known as a rolling owner controlled insurance program) of \$50 million.

The Department is implementing OCIP in 2 phases.

### **Phase I OCIP**

Phase I OCIP, consisting of major construction projects in District 4: the Devil's Slide Tunnels, the Oakland Touchdown and the Yerba Buena Island Transition Structures of the San Francisco-Oakland Bay Bridge East Span Seismic Retrofit Replacement Projects. The total estimated construction value for the Phase I OCIP is \$725 million.

Phase I OCIP							
Awarded							
Disrict EA	Co-Rte-PM	Project Description	Award Amount	Contractor	Advertisement Date	Bid Opening	Contract Approval Date
04-1123U4	04-SM-1-38.0/40.1	Tunnel construction on State HW 1 in San Mateo County near Pacifica	\$272,366,000	Kiewit Pacific	6/26/2006	11/14/2006	1/3/2007
04-0120L4	Ala-80-1.0/1.7	Oakland Touchdown of the SFOBB - WB (OTD 1)	\$177,777,777	MCM Construction	2/26/2007	6/5/2007	8/7/2007
Pending (as of 02/27/07)							
Disrict EA	Co-Rte-PM	Project Description	Engineer's Estimate	Type of Contractor	Est. Advertisement Date	Est. Bid Opening	Est. Contract Approval Date
04-0120M4	Ala-80-1.0/1.7	Oakland Touchdown of the SFOBB - EB OTD 2)	\$52,000,000	Bridge & Highway	7/1/2010	11/1/2010	1/1/2011
04-0120S4	SF-80-7.8/8.2	Yerba Buena Island Structures of SFOBB - Mainline Structures (YBITS 1)	\$175,000,000	Bridge & Highway	9/15/2008	2/15/2009	4/15/2009
04-0120T4	SF-80-7.8/8.2	Yerba Buena Island Structures of SFOBB - Post Traffic Switch (YBITS 2)	\$45,000,000	Bridge & Highway	8/1/2011	1/1/2012	4/1/2012
<b>TOTAL Phase I OCIP</b>			<b>\$722,143,777</b>				

## Phase II OCIP

The statewide Phase II OCIP consists of seven projects throughout the state of California, with an estimated total construction value of \$750 million.

**OCIP Candidate Projects**  
(As of 12/14/2007)

District Expenditure Authorization (Dist - EA)	Co - Rte - PM	Project Description	Capital Bridge Construction Estimate	Capital District Construction Estimate	Total Estimated Ready To List (RTL) Capital	Type of Prime Contract or (i.e. Highway, Bridge, Tunnel, etc.)	Estimated Ready to List (RTL) Date (MS460)	Estimated Const. Start Date	Contract Construct. Acceptance (CCA) Date
04-25375	ALA-680-R 0.0/R 19.3	WIDEN FREEWAY, CONSTRUCT AUXILIARY & HOT LANES, & INSTALL RAMP METERS	\$20,800,000.00	\$ 141,200,000.00	\$ 162,000,000.00	Highway	2/1/2008	7/15/2008	12/1/2011
08-472214	SBD-015-0.0/3.8	PAVEMENT REHABILITATION	\$10,534,000.00	\$ 65,030,000.00	\$ 75,564,000.00	Highway	4/10/2008	9/10/2008	5/3/2010
07-16682	LA-010-18.7/21.6	REHABILITATE HOV & BUS LANES	\$ 1,268,000.00	\$ 38,732,000.00	\$ 40,000,000.00	Highway	5/16/2008	10/16/2008	9/23/2009
07-16681	LA-010-18.3/31.3	REHAB ROADWAYS AND RAMP	\$ 4,300,000.00	\$ 181,676,000.00	\$ 185,976,000.00	Highway	5/16/2008	10/16/2008	4/26/2011
03-3338U4	PLA-65-R012.2/ R023.8	CONSTRUCT NEW 4 LANE EXPRESSWAY/ FREEWAY ON NEW ALIGNMENT	\$24,812,000.00	\$ 185,188,000.00	\$ 210,000,000.00	Highway & Bridge	7/1/2008	12/1/2008	1/1/2013
04-12965	SON-101-13.9/15.3	WIDEN FROM 4 TO 6 LANES FOR HOV & RECONSTRUCT I/C	\$28,500,000.00	\$ 37,000,000.00	\$ 65,500,000.00	Highway & Bridge	8/1/2008	1/1/2009	12/1/2011
<b>TOTAL RTL COST</b>					<b>\$739,040,000</b>				