

## **Wrap Up Liability**

A liability policy that serves as all-encompassing insurance which protects all contractors and subcontractors working on a large project. Wrap-up insurance is intended for larger construction projects.

### **WRAP-UP LIABILITY POLICY:**

#### **Who is Insured?**

The policy is normally arranged, paid for and controlled by the owner and/or general contractor but insures all of the following parties as Named or Additional Insureds with respect to the project:

- Owner
- General contractor
- Project manager
- Sub-contractors
- Consultants, engineers and architects (subject to our professional liability exclusion)

**Note:** Project managers, contractors, subcontractors, engineers, architects and consultants are to be added on the policy declarations as per the wrap-up policy template in ISIS and the business rule. These parties are not written into the wording.

#### **Parties not insured:**

- Suppliers
- Security protection firms

#### **The advantages of a wrap-up policy:**

- Uniformity of coverage; the owner and all contractors are insured on one policy by one insurer
- Easier control of the insurance requirements as general does not have to monitor all subs to ensure their separate policies conform and remain in force
- Lower cost than if each contractor obtained their own insurance
- Avoids disputes between policies and insurers when more than one contractor is involved in a loss
- Guarantees coverage will remain in place for the project for at least the completed operations period

#### **The disadvantages:**

Coverage is not as broad as a standard CGL as our wrap-up (and most of our competitors) completely excludes damage to the project in the completed operations phase to avoid long tail construction defect exposure. A standard CGL, however, provides coverage in the completed operations phase for damage to work performed on the Insured's behalf by subcontractors.

As the wrap-up is project specific, contractors still require CGL coverage to insure their other operations and past work.

#### **Policy Term:**

The policy period is from the start of the project until its completion. Wrap-up policies have a stated completed operations period that starts at the end of the project and thus the end of the policy term and runs for the period of time stated in the policy. Typically this period is 12 or 24 months.