



Risk mitigation via insurance

Protecting owners and contractors

Insuring against the risk of loss is a key financial strategy for contractors, and purchasing insurance is the key method for mitigating loss resulting from the contractor's actions.

Insurance may be purchased to cover all types of potential loss, but one type of policy considers loss that results from the conduct or actions of both the contractor (and those he employs) and the owner.

An Owners and Contractors Protective (OCP) policy is one designed to protect the owner from liability arising out of operations performed by the contractor, and coverage typically terminates once the contractor's operations are completed. The owner is named as the insured on an OCP policy.

The standard OCP policy provides coverage in one of two situations. The first covers owner liability for injuries or damages that may arise out of the contractor's operations. The second covers owner liability by virtue of his own acts or omissions in connection with his general supervision of the contractor's work.

As the name implies, both the actions of the contractor and owner insured. An OCP policy does not cover bodily injury or property damage resulting after the contractor completes the project.