



PROGRAM BULLETIN

Updated: August 23, 2019

ATTENTION: CHIEF FINANCIAL OFFICERS/RISK MANAGERS OF HEALTH CARE PROTECTION PROGRAM (HCPP) COVERED ENTITIES

SUBJECT: PROVINCIAL CONSTRUCTION PROGRAM – Update

PLEASE FORWARD THIS BULLETIN TO ALL CONSTRUCTION PROCUREMENT STAFF

The Provincial Construction Insurance Program provides course of Course of Construction (property) and Wrap Up General Liability coverage for public sector construction projects. The program encompasses most BC government ministries, health care agencies, K-12 public school districts and most BC public post-secondary institutions

This Program Bulletin is to advise of changes to the Provincial Construction Insurance Program and to provide reminders to BC Health Authorities and other HCPP Covered Entities (HCAs) of their obligations under this mandatory program.

Construction Project Threshold

HCPP **does not** provide coverage for property under construction where the construction work is being undertaken by contractor(s). The **mandatory** Provincial Construction Insurance Program exists to address this exclusion by providing Course of Construction (property) and Wrap Up General Liability Coverage.

As a reminder, the minimum threshold for placement under the Provincial Construction Insurance Program is \$1,000,000 for HCAs. Construction projects with values less than \$1,000,000 are generally maintenance or small renovation projects. These smaller projects should be contractor insured providing replacement cost coverage for the materials forming part of the work and commercial general liability coverage with limits of no less than \$2,000,000.

The minimum threshold is **not applicable** when an HCA opts to contract under the CCDC¹ 5A Construction Management Contract – for Services and the associated CCDC 17 Stipulated Price Contract between Owner and Trade Contractor. These contracts oblige the Owner to place Course of Construction (property) and Wrap Up General Liability coverage and should only be used for major projects insured by an HCA.

¹ Canadian Construction Documents Committee



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Wrap Up General Liability Minimum Premiums

Minimum premiums under the Wrap Up General Liability coverage have been imposed by the underwriters of the Provincial Construction Insurance Program.

Minimum premiums apply as follows:

- \$1,000 applicable to each project with a Wrap Up General Liability limit \$10,000,000;
- \$1,500 applicable to each project with a Wrap Up General Liability limit of \$20,000,000;
- \$3,500 applicable to any project including “hot roofing operations”.

For the most part the above minimum premiums will not impact HCAs for construction values of \$1,000,000 or greater. The CCDC 5A and CCDC 17 risk provisions require the HCA to place coverage regardless of the project construction value. As minimum premiums will apply please consider this in selecting your procurement strategy for projects with construction values below \$1,000,000.

Policy Period

No project may be on the Provincial Construction Insurance Program for a period greater than 36 months, plus a maximum completed operations period after the termination date of 24 months.

Risk Provisions for Commonly Used CCDC contracts

The Risk Management Branch (RMB) has made available insurance, contract security and indemnification clauses (**risk provisions**) to be inserted into supplementary conditions for various CCDC documents as indicated here:

- **CCDC 2 – 2008** Stipulated Price Contract;
- **CCDC 5A – 2010** Construction Management Contract – for Services;
- **CCDC 17 – 2010** Stipulated Price Contract between Owner and Trade Contractor for Construction Management Projects.

These risk provisions are provincially negotiated on behalf of B.C. government ministries, health care agencies, K–12 public school districts and most BC public post-secondary institutions and should not be amended. They are available at <https://www2.gov.bc.ca/gov/content/governments/services-for-government/internal-corporate-services/risk-management/construction-insurance> and also on the HCPP website (www.hcpp.org) under the Construction tab.



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Late Reported Construction Projects

Late reported constructions projects can result in a denial of coverage! If the procurement process specifies that the construction insurance coverage will be arranged by the Owner under the Provincial Construction Insurance Program, the HCA may find itself without coverage and in a potential breach of contract situation if they have not provided advance notice of the project to HCPP. If no coverage is in force and there is a loss that could have been covered by the Provincial Construction Insurance Program, this financial exposure will rest with the HCA.

KEY STEPS TO ENSURE COVERAGE IS PLACED UNDER THE PROVINCIAL CONSTRUCTION INSURANCE PROGRAM:

1. Complete the Construction Application Form as available on the HCPP website (www.hcpp.org) and forward it to HCPP at least three (3) weeks prior to commencement of construction;
2. Answer all questions on the Construction Application Form and provide the required additional documents as the information is used for underwriting purposes. Please make a note on any sections which are not applicable as incomplete forms will be returned to the sender;
3. Any material changes such as an increase in project value (affecting the limit of insurance), an extension of the project completion date from that which was stated in the original application, or a substantive change in project scope must be reported to the HCPP;
4. Once the insured project is completed and accepted by or on behalf of the Owner, the completion date and final construction costs must be reported to HCPP. This information is used to calculate the Final Premium Adjustment and may result in a refund or additional premium being owed. If you are unsure regarding the appropriate time to lapse the Course of Construction (property) and Wrap Up General Liability coverage, please contact your risk management consultant;
5. Applications and updates should be sent to hcpp@gov.bc.ca.

Broker Fees

Effective July 1, 2019 every construction project placed is now entitled to one free endorsement / extension. Each subsequent endorsement / extension request will be subject to an additional \$50.00 flat fee to cover processing costs. To avoid additional fees, please ensure you are estimating projects costs and construction periods as accurately as possible.

Invoices

Please ensure that the invoice number is referenced with all payments made under the Provincial Construction Insurance Program. The HCA must pay the premium invoiced by the construction insurance broker within 30 days of receipt of the invoice.



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Claims Reporting

All Course of Construction (property) and Wrap Up General Liability losses should be reported by email and sent to vancouver.claims@marshcanadaclaims.com

Please reference “**new BC Gov’t Construction Program claim to be reported**” in the subject line of your email and provide the following details:

1. location of loss;
2. date of loss;
3. description of loss;
4. describe the project as a new build or renovation;
5. provide the certificate number assigned to the project.

Please contact your risk management consultant with any questions about these updates!