

# CCIP BID METHOD DECISION TREE

**YES**

Does the owner require specific reporting or verification of subcontractor insurance cost removal?

**IS THE FULL COST OF  
THE CCIP PROGRAM  
BILLABLE TO OWNER?**

**NO**

This means that the GC carries at least some risk and funds to cover the cost of the CCIP needs to be recovered from the subcontractors. Consider Deduct Method with Credit Verification or Negotiation. (Go to FINAL ANSWER)

**YES**

Will having all subcontractors bid net, with an identified insurance Cost (Add Alternate) be acceptable to the Owner?

**NO**

Consider Net Bid (Add Alternate), with Credit Tracking. (Go to FINAL ANSWER)

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**NO**

Do most subcontractors have wrap-up experience and is the bid process competitive?

**YES**

Consider Net Bid (Add Alternate), with Credit Verification or Negotiation. (Go to FINAL ANSWER)

**NO**

Consider Gross Bid (Deduct Method) with Credit Verification or Negotiation. (Go to FINAL ANSWER)

## FINAL ANSWER

**REGARDLESS OF BID METHOD CHOSEN THE FOLLOWING SHOULD BE IN PLACE:**

### 1. BIDDING INSTRUCTIONS CLEARLY EXPLAINING HOW THE CCIP EFFECTS THE BID INCLUDING:

- Whether bids should be inclusive or exclusive of insurance
- How insurance costs should be calculated
- Which lines of coverages - WC, GL, Excess
- Which rates are used - those in place at time of bid or time of start work AND clarify whether rates will be updated throughout project
- How to handle large deductibles and LRARO credits
- How to account for flat rated policies
- How to account for subcontractors - when known and not yet known

### 2. PROCESS FOR ACCOUNTING FOR INSURANCE COSTS IN CHANGE ORDERS

### 3. CLOSE OUT PROCEDURES

- Will there be a true-up?  
If so, what are the details of how this will be performed?

### WHY NET BID MAY BE PREFERRED:

- Lower administrative costs
- Less burdensome on GC team (no deductive change orders or special accounting)
- Less frictional with the subcontractors

### WHY GROSS BID MAY BE PREFERRED:

- Subcontractor insurance costs can be verified and visibly deducted from bid
- Peace of mind in seeing the dollars removed