



DESIGN & CONSTRUCTION SERVICES

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## **SUMMARY: Master Builder's Risk Insurance Program**

In 1989, the University of California established a master builder's risk insurance program. With very limited exception (see below), **all University of California ("University") projects with construction costs of \$300,000 and greater are required to be insured under the University's Master Builder's Risk Insurance Program ("MBR")**. During the course of construction, Builder's Risk insurance coverage, also known as "All Risk" or "Course of Construction" insurance, protects the University, contractors, and subcontractors of all tiers from direct physical loss or damage to a project resulting from a covered peril (e.g., fire, theft).

The University secures Builder's Risk coverage for all projects valued from \$300,000 up to \$150,000,000- except wood frame projects which have a limit of \$10,000,000. Projects in excess of \$150,000,000, or in excess of \$10,000,000 for wood frame projects, are outside the MBR and require separate underwriting. Under those circumstances, a University representative will solicit quotes from various carriers to secure the most competitive coverage program available in the marketplace.

The contractor is responsible for the "per occurrence" deductibles under the MBR. While the contractor is ultimately responsible for the project until completion, the University has determined that it is in its best interest to secure Builder's Risk insurance in order to avoid substantial financial loss from the risk of a contractor being uninsured. Additional benefits of the MBR include cost savings, control and continuity over MBR policy terms and conditions, established limits that are sufficient to cover University projects, and a uniformity of coverage.

MBR coverage begins on the estimated date of commencement of Work on the project site, which typically corresponds with the Notice to Proceed date, and ends upon the University's recording of the Notice of Completion. There are limited exceptions to the coverage period. For example, MBR coverage is not generally needed during the demolition phase of a project.

Should you have any questions or comments regarding the program described above, please contact Contracting Services via facsimile at (805) 893-8592. We appreciate your interest in doing business with the University, and encourage your firm to respond to future requests for bids issued by the University.

Contracting Services  
University of California, Santa Barbara

***DISCLAIMER:***

*The information in this summary is only intended to outline the Master Builder's Risk Insurance Program. If any conflict exists between this summary and the Builder's Risk insurance policies or Contracts between the University of California and the Contractor or their Subcontractors, the insurance policies or Contracts will govern.*