

HOUSE BILL REPORT

HB 2863

As Reported By House Committee On:
Transportation

Title: An act relating to insurance coverage for regional transit authorities.

Brief Description: Establishing insurance coverage provisions for regional transit authorities.

Sponsors: Representatives Cairnes, Keiser, Benson, Hatfield, Edwards and Kagi.

Brief History:

Committee Activity:

Transportation: 2/7/00 [DPS].

Brief Summary of Substitute Bill

- Regional transit authorities can obtain owner controlled insurance for large construction projects whose costs exceed \$100 million.
- Regional transit authorities may also purchase insurance covering their board members, officers, and employees who act in good faith in performance of their official duties.

HOUSE COMMITTEE ON TRANSPORTATION

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 25 members: Representatives Fisher, Democratic Co-Chair; Mitchell, Republican Co-Chair; Cooper, Democratic 1st Vice Chair; Edwards, Democratic 2nd Vice Chair; Ericksen, Republican Vice Chair; Hankins, Republican Vice Chair; Buck; G. Chandler; DeBolt; Fortunato; Haigh; Hatfield; Hurst; Lovick; McDonald; Mielke; Morris; Murray; Ogden; Pflug; Radcliff; Schindler; Skinner; Wood and Woods.

Staff: Penny Nerup (786-7335).

Background:

When building large projects, contractors in Washington are required to obtain insurance to cover general liability and excess liability for their portion of the construction project. However, large projects can obtain insurance coverage by using an owner controlled insurance program (OCIP), or "wrap-up" insurance, which would allow transit agencies, such as Sound Transit, to purchase single insurance coverage for all of its Link construction. Under current state law, Sound Transit is prevented from procuring wrap-up insurance for its construction projects.

The Legislature has granted statutory exemption for other public construction projects in the past, such as the State Convention and Trade Center, the Public Facility District, and the Public Stadium Authority. Transit agencies in other states have also used OCIP to insure their transit projects.

Summary of Substitute Bill:

Regional transit authorities have the authority to obtain insurance consistent with the risks, hazards, and liabilities of their projects. In addition, regional transit authorities can purchase insurance to benefit its board members, authority officers, and employees to insure against liability for acts they perform in good faith as part of their official duties. Insurance for construction of projects whose cost exceeds \$100 million may be acquired by bid or negotiation through December 31, 2006. The transit authority is put on the same footing as public nonprofit corporations so that they are allowed to obtain contracts of insurance for public construction projects.

Substitute Bill Compared to Original Bill: Regional transit authorities can obtain "wrap-up" insurance only for projects exceeding \$100 million. The authority terminates on December 31, 2006.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date of Substitute Bill: Ninety days after adjournment of session in which bill is passed.

Testimony For: Large state construction projects can save 1-3 percent on liability insurance. Workers compensation is not affected by this type of project insurance. Individual contractors can still be sued, but this avoids battles between insurance companies.

Testimony Against: None.

Testified: (In support) Ron Main and Dale Wydman, Sound Transit.

(In support with amendment) Duke Schuab, Associated General Contractors.