
**Financial Institutions &
Insurance Committee**

HB 2132

Brief Description: Securing public building or construction contracts.

Sponsors: Representatives Kenney, Schual-Berke, Santos and McDermott.

Brief Summary of Bill

- Authorizes public entities to utilize wrap-up insurance policies for public construction projects that: (1) Are situated in counties with a population of over one million persons; (2) involve project costs of over one hundred million dollars; and, (3) are administered for public hospitals.

Hearing Date: 3/4/03.

Staff: Thamas Osborn (786-7129).

Background:

Most public works construction in Washington is performed by private firms. State and local governments contract with private architectural and construction companies for the design and construction of facilities using specific procedures designated in statute. Typically, contractors, subcontractors, consultants, architects, the owner, and others involved in major public construction projects each obtain their own insurance or risk financing to cover their role or risk in the project.

A type of risk pooling known as a "wrap-up" insurance policy is routinely used on large private construction projects, and is used in other states on their public construction projects. A wrap-up insurance policy generally involves one large, comprehensive policy that covers the owner and all the companies involved in a construction project. This can reduce costs and simplify project management.

Absent explicit statutory authorization, current law generally prohibits wrap-up policies for public construction projects. There are presently three types of public construction projects that have statutory authorization for the use of wrap-up insurance policies.

Summary of Bill:

Public construction projects are authorized to use wrap-up insurance policies provided such projects: (1) Are situated in counties with a population of over one million persons; (2) involve project costs of over one hundred million dollars; and, (3) are administered for public hospitals.

Section 1 of the bill expires as of December 31, 2006.

Section 2 of the bill takes effect as of December 31, 2006.

Appropriation: None.

Fiscal Note: Requested on March 2, 2003.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed, except Section 2, which takes effect December 31, 2006. Section 1 of the bill expires on December 31, 2006.