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**Financial Institutions &  
Insurance Committee**

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**HB 1127**

**Brief Description:** Changing bidding requirements for wastewater projects.

**Sponsors:** Representatives B. Sullivan, Rodne, P. Sullivan, Jarrett, Kirby, Nixon, McCoy and Shabro.

**Brief Summary of Bill**

- Authorizes the use of wrap-up insurance for certain public construction projects for wastewater treatment and conveyance systems.

**Hearing Date:** 2/8/05

**Staff:** Jon Hedegard (786-7127).

**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. 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.

In 2003, a law was passed authorizing the use of wrap-up insurance policies for certain public construction projects:

- Public nonprofit corporation for the state convention and trade center;
- Projects in excess of \$100 million for port districts formed under 53.04 RCW;
- Projects for a regional transit authority authorized under RCW 81.112.030;
- Public hospital projects in excess of \$100 million for counties with a population over one million.

**Summary of Bill:**

Public construction projects for wastewater treatment and conveyance systems may use wrap-up insurance if the project is in excess of \$100 million and is for a county with a population of over one million.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill takes effect 90 days after adjournment of session in which bill is passed.