

FINAL BILL REPORT

SHB 2132

C 323 L 03

Synopsis as Enacted

Brief Description: Securing public building or construction contracts.

Sponsors: By House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Kenney, Schual-Berke, Santos and McDermott).

House Committee on Financial Institutions & Insurance
Senate Committee on Financial Services, Insurance & Housing

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.

Absent explicit statutory authorization, public construction projects are prohibited from using wrap-up insurance policies. There are presently three types of public construction projects that have statutory authorization for the use of wrap-up insurance policies.

Summary:

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 \$100 million; and (3) are administered for public hospitals.

Votes on Final Passage:

House 95 1
Senate 47 0 (Senate amended)
House 95 2 (House concurred)

Effective: July 27, 2003
December 31, 2006 (Section 2)