

HOUSE BILL REPORT

ESB 5566

*As Reported By House Committee on:
Financial Institutions & Insurance*

Title: An act relating to allowable provisions in construction contracts.

Brief Description: Allowing certain provisions in construction contracts.

Sponsor(s): Senators Rasmussen, Johnson, Owen, Vognild, Moore, Bluechel, Barr and Sellar.

Brief History:

Reported by House Committee on:
Financial Institutions & Insurance, April 5, 1991, DP.

**HOUSE COMMITTEE ON
FINANCIAL INSTITUTIONS & INSURANCE**

Majority Report: *Do pass.* Signed by 10 members: Representatives Dellwo, Chair; Zellinsky, Vice Chair; Broback, Ranking Minority Member; Mielke, Assistant Ranking Minority Member; Anderson; Inslee; R. Johnson; Paris; Schmidt; and Winsley.

Minority Report: *Do not pass.* Signed by 1 member: Representative R. Meyers.

Staff: John Conniff (786-7119).

Background: Under current law, agreements in construction/maintenance contracts which indemnify the indemnitee for his or her sole negligence are void and unenforceable.

Summary of Bill: An additional or named insured endorsement on a liability insurance policy covering bodily injury or property damage caused by the procuring general contractor, subcontractor, or specialty contractor is valid and enforceable.

Fiscal Note: Not requested.

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

Testimony For: This legislation represents a compromise between contractor and subcontractor interest groups to limit the ability of owners and contractors to require subcontractors to obtain liability insurance coverage for owner and contractor liabilities.

Testimony Against: Government entities routinely require contractors and subcontractors to name the government as an additional insured under the contractor or subcontractor liability policy in order to protect taxpayers from contractor and subcontractor negligence. This legislation will inhibit the ability of government entities to protect public funds from lawsuits filed for contractor and subcontractor liability.

Witnesses: Joe R. Devish, Madsen Electric; Brian Garvey, Mechanical Contractors Association; Doug Bohlke, Contractors Bonding; Larry Stevens, National Electrical Contractors Association; Duke Schaub, Association of General Contractors (All Pro); and Jim Justin, Association of Washington Cities (Con).