

SENATE BILL REPORT

ESB 5566

AS PASSED SENATE, FEBRUARY 7, 1992

Brief Description: Allowing certain provisions in construction contracts.

SPONSORS: Senators Rasmussen, Johnson, Owen, Vognild, Moore, Bluechel, Barr and Sellar.

SENATE COMMITTEE ON LAW & JUSTICE

Majority Report: Do pass.

Signed by Senators Nelson, Chairman; Thorsness, Vice Chairman; Erwin, Hayner, L. Kreidler, Newhouse, Rasmussen, and A. Smith.

Staff: Ben Barnes (786-7465)

Hearing Dates: February 25, 1991; March 6, 1991

BACKGROUND:

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

It is suggested that the statute governing allowable provisions in construction contracts be modified.

SUMMARY:

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

Surety insurers who are liable for performance of contractual obligations on contracts covered by insurance policies are exempt from the provisions of this act.

Appropriations: none

Revenue: none

Fiscal Note: requested February 25, 1991

TESTIMONY FOR:

The bill would require each party to a construction contract to be responsible for its own liability insurance.

TESTIMONY AGAINST:

"Additional insured" clauses in a subcontractor's liability insurance policy are necessary because the Washington Supreme Court recently held that a general contractor has a statutory duty to protect all employees on the job site.

TESTIFIED: Doug Bohlke, Sheet Metal Contractors (pro); Joe Devish, National Electrical Contractors Assn. (pro); Larry Stevens, MCA (pro); Gary Smith, Independent Business Assn. (pro); Cliff Webster, Architects & Engineers Legislative Council (con); Duke Schaub, AGC of WA (con); Jim Bush, DOT (con); Brian Garvey, Mech. Contractors Assn. (pro)