

HOUSE BILL ANALYSIS

HB 3006

Title: An act relating to public projects.

Brief Description: Allowing for certain insurance policies in connection with large-scale public projects.

Sponsors: Representative L. Thomas.

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Meeting Date: February 2, 1998

Bill Analysis Prepared by: Charlie Gavigan, Counsel (786-7340)

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.

Summary of Bill: A wrap-up or owner-controlled insurance program is authorized for large public construction projects. It applies to projects with an aggregate construction value in excess of \$50 million.

The program authorizes the director of the Department of General Administration (GA) to approve an insurance policy from an insurer approved to transact business in Washington covering all the participants in a construction project, including the public sponsor, the prime contractor, contractors and subcontractors, and others who enter contracts to work on the project. Certain standards and requirements must be met before GA can approve the insurance policy. Required performance bonds, bid bonds, or other surety bonds are not covered. GA may adopt rules implementing this program. This insurance policy does not cover workers compensation insurance.

The Department of Labor and Industries (L&I) must create a program for the department to provide workers compensation coverage under one certificate for all the entities involved in a particular public construction project. The certificate allows the prime contractor to cover all the employees of entities working on the project. The Department of Labor and Industries may adopt rules to implement this program.

The directors of GA and L&I must coordinate with each other regarding projects seeking coordinated insurance coverage and workers compensation coverage.

The wrap-up insurance policy and single workers compensation certificate programs expire June 30, 2005.

Appropriation: None.

Fiscal Note: Requested.

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

Rulemaking Authority: Specific authority is granted to the Department of General Administration and the Department of Labor and Industries.