

SENATE BILL REPORT

SB 5850

As of February 3, 2014

Title: An act relating to construction agreements.

Brief Description: Placing restrictions on construction agreements.

Sponsors: Senator Mullet.

Brief History:

Committee Activity: Commerce & Labor: 2/05/14.

SENATE COMMITTEE ON COMMERCE & LABOR

Staff: Edith Rice (786-7444)

Background: Some construction agreements between owners and/or general contractors and subcontractors have included a clause that requires the subcontractor to assume liability not only for the negligent actions of the subcontractor and its employees, but also for the negligent actions of the general contractor and its employees. This has become problematic for both the construction and the insurance industries, as there is a long history of misinterpretation and the continuing use of a particular insurance form which includes this language. The state of Oregon passed laws that attempt to limit the use of these provisions.

Summary of Bill: Any provision in a construction agreement which requires a party, known as an indemnitor, or their insurer to assume liability for damage or injury to persons or property caused wholly or partially by another party, the indemnitee, is void. An exception is provided if the damage or injury to persons or property is the fault of the indemnitor.

Construction agreement is defined. These provisions do not apply to real property leases or rental agreements, or personal property leases or rental agreements.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

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