

A-Engrossed
House Bill 2654

Ordered by the House April 20
Including House Amendments dated April 20

Sponsored by COMMITTEE ON CONSUMER PROTECTION

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Requires construction contractor to maintain insurance that provides contractor with liability coverage for *[completed work]* **products and completed operations according to terms of policy and subject to applicable policy exclusions.**

A BILL FOR AN ACT

1
2 Relating to construction contractors; creating new provisions; and amending ORS 701.105.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** ORS 701.105 is amended to read:

5 701.105. (1) Except as provided in subsection (2) of this section, a contractor who possesses a
6 license as required under this chapter shall have in effect public liability, personal injury and
7 property damage insurance covering the work of the contractor that is subject to this chapter, **in-**
8 **cluding the covering of liability for products and completed operations according to the terms**
9 **of the policy and subject to applicable policy exclusions,** for an amount not less than:

10 (a) \$500,000 for a general contractor or licensed developer.

11 (b) \$300,000 for a residential-only specialty contractor.

12 (c) \$500,000 for all other specialty contractors.

13 (d) \$100,000 for a limited contractor.

14 (e) \$300,000 for an inspector.

15 (2) The Construction Contractors Board by rule, in consultation with the Department of Con-
16 sumer and Business Services, may allow a general or specialty contractor that is a residential-only
17 contractor to provide an alternative form of security approved by the board instead of procuring a
18 public liability, personal injury and property damage insurance policy. The board may approve an
19 alternative form of security if the board determines that the alternative form of security provides
20 protection to the public equivalent to the protection provided by an insurance policy in the amounts
21 otherwise applicable to the residential-only contractor under subsection (1) of this section. A
22 board-approved alternative form of security may consist of a combination of financial resources.

23 (3) A residential-only contractor who provides a board-approved alternative form of security
24 under subsection (2) of this section is considered for purposes of this chapter to have obtained in-
25 surance described in subsection (1) of this section. This subsection does not subject to regulation
26 as an insurer a person who issues all or part of an alternative form of security, unless the alterna-
27 tive form of security otherwise qualifies as an insurance product.

28 (4) The contractor shall provide satisfactory evidence to the board at the time of licensure and

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted.
New sections are in **boldfaced** type.

1 renewal that the insurance policy or board-approved alternative form of security required by this
2 section has been procured and is in effect.

3 **SECTION 2.** ORS 701.105, as amended by section 2, chapter 766, Oregon Laws 2003, is amended
4 to read:

5 701.105. (1) A contractor who possesses a license as required under this chapter shall have in
6 effect public liability, personal injury and property damage insurance covering the work of the
7 contractor that is subject to this chapter, **including the covering of liability for products and**
8 **completed operations according to the terms of the policy and subject to applicable policy**
9 **exclusions**, for an amount not less than:

10 (a) \$500,000 for a general contractor or licensed developer.

11 (b) \$300,000 for a residential-only specialty contractor.

12 (c) \$500,000 for all other specialty contractors.

13 (d) \$100,000 for a limited contractor.

14 (e) \$300,000 for an inspector.

15 (2) The contractor shall provide satisfactory evidence to the Construction Contractors Board
16 at the time of licensure and renewal that the insurance required by subsection (1) of this section
17 has been procured and is in effect.

18 **SECTION 3.** **The amendments to ORS 701.105 by sections 1 and 2 of this 2007 Act apply**
19 **to coverage provided under insurance policies issued or renewed on or after the effective**
20 **date of this 2007 Act.**