

# House Bill 2781

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 **as introduced**.

Requires Director of Department of Consumer and Business Services to appoint Construction Contractors Insurance Advisory Committee. Requires committee to advise director concerning data needed to monitor availability and affordability of construction contractor liability insurance and to assess effectiveness of recommendations of Task Force on Construction Claims.

Permits director, after consultation with committee, to determine data needed, to establish data reporting system and to require insurers to provide data. Requires director to weigh costs to insurers and state agencies against expected benefits from data collection.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to construction liability insurance; and declaring an emergency.

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

4 **SECTION 1. Sections 2 and 3 of this 2007 Act are added to and made a part of the In-**  
5 **urance Code.**

6 **SECTION 2. (1) The Director of the Department of Consumer and Business Services shall**  
7 **appoint a Construction Contractors Insurance Advisory Committee. The director may de-**  
8 **termine, fix or change the membership of the committee, including the number of committee**  
9 **members, but the committee shall consist of:**

10 (a) **At least one representative from among insurers, including insurers in the surplus**  
11 **lines;**

12 (b) **At least one representative from among contractors, as defined in ORS 701.005, or**  
13 **from among others in the construction industry;**

14 (c) **At least one representative from among consumers or consumer groups that may be**  
15 **affected by an action the director takes under section 3 of this 2007 Act; and**

16 (d) **At least one representative from the Department of Consumer and Business Services.**

17 (2) **A committee member shall serve without compensation for the member's services on**  
18 **the committee for a term determined by the director.**

19 (3) **The committee shall meet at the call of the director to advise the director and make**  
20 **recommendations, subject to the director's approval, in the following areas:**

21 (a) **Which categories of data the department should collect from insurers, including sur-**  
22 **plus lines insurers, in order to determine and monitor the availability and affordability of**  
23 **liability insurance for contractors and others in the construction industry in this state and**  
24 **in order to assess the effectiveness of the recommendations of the Task Force on Con-**  
25 **struction Claims created by section 1, chapter 647, Oregon Laws 2005.**

26 (b) **How often and how long the department should continue to collect the data.**

27 (c) **How far back in time and to what degree the department should collect historical**  
28 **data.**

**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 (d) Which systems, techniques or methods would best enable the department to collect  
2 and process the data.

3 (e) What costs collecting the data will impose on insurers and on the department and  
4 whether the expected benefits from collecting the data will outweigh the costs.

5 (f) Any other areas in which the director seeks advice and recommendations related to  
6 insurance for construction contractors.

7 **SECTION 3.** (1) The Director of the Department of Consumer and Business Services, af-  
8 ter considering the advice and recommendations of the Construction Contractors Insurance  
9 Advisory Committee, may:

10 (a) Determine which data or categories of data the Department of Consumer and Busi-  
11 ness Services shall collect in order to:

12 (A) Monitor the availability and affordability of liability insurance for construction con-  
13 tractors and others in the construction industry; and

14 (B) Assess how effective the recommendations proposed by the Task Force on Con-  
15 struction Claims created under section 1, chapter 647, Oregon Laws 2005, were in reducing  
16 construction defect liability claims.

17 (b) Establish a reporting, collection and processing system for the data that the director  
18 identifies in paragraph (a) of this subsection.

19 (c) Require insurers, including surplus lines insurers, to provide the data the director  
20 identifies under paragraph (a) of this subsection.

21 (2) Before taking any action under this section, the director shall consider the costs that  
22 the action will impose on insurers and state agencies and weigh those costs against the ex-  
23 pected benefits the action will provide.

24 **SECTION 4.** This 2007 Act being necessary for the immediate preservation of the public  
25 peace, health and safety, an emergency is declared to exist, and this 2007 Act takes effect  
26 on its passage.