

## **HB 2711 -1 STAFF MEASURE SUMMARY**

### **House Committee On Business and Labor**

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**Meeting Dates:** 1/30

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#### **WHAT THE MEASURE DOES:**

Requires licensed construction contractor to carry insurance that covers, at a minimum, tort liability to public or private parties for personal injury or property damage. Requires licensee to provide Construction Contractors Board with insurer's written policy coverage description. Requires court to reform insurance policy to provide claim coverage if policy does not provide coverage as stated by the insurer in written policy coverage description.

**REVENUE:** May have revenue impact, but no statement yet issued.

**FISCAL:** May have fiscal impact, but no statement yet issued.

#### **ISSUES DISCUSSED:**

##### **EFFECT OF AMENDMENT:**

-1 Replaces original measure. Requires insurance policy construction contractor must hold to include statement identifying type of work policy covers by contractor license, endorsement or certificate type. Establishes that any coverage limit that causes policy to provide less than minimum amount required for license type is contrary to public policy and is void. Requires court to reform insurance policy to provide applicable minimum coverage if policy does not provide amount of coverage required for type of work.

##### **BACKGROUND:**

Residential and commercial contractors must be licensed by the Oregon Construction Contractors Board and, in addition to other statutory and Board requirements, carry the required level of general liability insurance. The level of insurance varies with the type of license and endorsement. For example, a residential locksmith services contractor must carry general liability insurance of at least \$100,000, while a commercial general contractor level 1 must carry a policy of at least \$2 million. The insurance must cover public liability, personal injury, and property damage related to the contractor's work.

House Bill 2711 requires that the general liability insurance provide coverage for all tort liabilities of the contractor or the contractor's business to public and private parties for personal injury or property damage. The contractor must provide the Board with a written description of the policy coverage prepared by the insurer. If the policy does not actually provide the coverage as stated in the written description, a court must reform the insurance policy to cover the claim.