



FROELICH
ENGINEERS

February 22, 2023

Oregon State Senate Committee on Judiciary & Ballot Measure 110

Chair Prozanski

Vice-Chair Thatcher

Re: Testimony to the Senate Committee on Judiciary in Support of SB 848

February 23, 2023

Tim R. Froelich, PE, SE
Partner / Principal

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Good afternoon Chair Prozanski, Vice Chair Thatcher and members of the Senate Committee on Judiciary. For the record, my name is Tim Terich representing Froelich Engineers, Inc. We have been in business in Oregon since 1983 and employ 32. I am writing today to strongly support Senate Bill 848.

Oregon's engineers, architects and land surveyors care deeply about our communities, which is why we invest in our local economy, creating jobs and housing for Oregonians. Right now, we are being forced into unfair contracting practices called "duty to defend" clauses, which require us to pay the legal expenses for those involved in construction projects even before fault is determined. This is detrimental to all design firms but especially women, minority and emerging small businesses. Because engineers, architects and land surveyors are being forced to shoulder all the legal liability and legal expense far beyond what they're able to get insured for, fewer projects are being designed and built in our communities. This includes low-income public housing to help address Oregon's homelessness crisis.

Our firm's experience with duty to defend has been related to challenges with contracts and disputes. Our industry pays significant sums for errors & omissions insurance that provide protection to our clients for the quality of design professional's work. However, very few insurance companies are willing to cover the cost to pay for the "duty to defend" our clients. This is an issue in our industry that needs resolution. It makes Oregon design professional less competitive than out-of-state firms and reduces our ability to obtain work. This change will not affect the client's ability to seek compensation if design problems do occur on a project.

We respectfully ask this committee to support SB 848. Passing this bill would eliminate bad and unfair contract practices and ensure everyone involved in a project pays their fair share of legal expenses. This isn't about shirking responsibility – it's about ensuring fairness so everyone is paying their own way and adequately protected by their insurance.

Thank you for your service and we are happy to be a resource if you have additional questions.

Thank you.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Timothy T. Terich', with a long horizontal stroke extending to the right.

Timothy T. Terich, PE, SE
Vice President