

Construction Claims Task Force

Phase II Insurance Issues

9.19.2006

Background:

During Phase II of the Task Force's inquiry into construction claims, the Task Force received testimony and recommendations from representatives of the insurance industry and regulators. On August 23, 2006 staff presented a list of insurance recommendations based on the information received to date. During the course of discussion, Task Force members suggested additional topics for further consideration. The following list represents the insurance issues under consideration by the Task Force, and their current status:

First-Party Warranty Concept

- Have staff research first-party warranties from the builder covering single-family homes, condominiums, and townhomes.

Status: staff drafting concept for September 19, 2006 meeting.

General Liability Coverage Concept

- Look into drafting proposal that would require general liability insurance cover completed operations.

Status: Staff drafting concept for September 19, 2006 meeting.

Wrap Project Limits Concept

- Have staff bring forward proposal to lower limit for wrap projects from \$90 million to \$10 million.

Status: Staff drafting concept for September 19, 2006 meeting.

Voluntary Loss Control Discounts Concept

- Have staff look into offering voluntary loss control discounts.

Status: Staff drafting concept for September 19, 2006 meeting.

Data Reporting Requirements Concept

- Staff look into requiring data reporting.

Status: Staff drafting concept for September 19, 2006 meeting.

Clarifying Walsh Construction Co. v. Mutual of Enumclaw

- Have staff look into the law governing the "additional named insured" coverage issue.

Status: Staff gathering research.

"Bad Faith" in Pursuing Insurance Litigation

- Private right of action (i.e., the ability to sue) against an insurance company to enforce provisions of the Insurance Code related to responding within certain time periods as to their duty to defend, enforcing their right to gather information, etc, with specific remedies.

Status: Staff gathering research.

Insurance Requirements for Architects, Engineers and Limited Liability Companies

- Staff look into insurance requirements for architects, engineers, and limited liability companies.

Status: Staff researching topic.

Mandatory Early Mediation Process

- Require mandatory mediation at the beginning of a construction defect dispute, before arbitration or litigation.

Status: Staff researching topic.

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