

## Phase II Proposal #2: General Liability Coverage December 8, 2006

*At the September 19, 2006 meeting the Construction Claims Task Force moved to have staff outline specific suggestions to amend required coverage under ORS 701.105 to include the requirement for completed operations liability. In order to accomplish this action, a statutory change will be required.*

*Policy Statement: Oregon law requires general liability insurance in order to obtain a contractors license in Oregon. The current law only requires that the insurance apply while the work is in progress. The Task Force has determined that better consumer protection would exist if coverage obtained by contractors was required to include completed operations liability. Completed operations liability would extend to bodily injury or property damage that occur due to the contractors negligence and occur after the job is complete.*

### 1. Requirement of Completed Operations Liability

Staff recommends that the current language under ORS 701.105 be changed to read:

#### **Insurance required of licensed contractors; alternative form of security; rules. (1)**

Except as provided in subsection (2) of this section, a contractor who possesses a license as required under this chapter shall have in effect public liability, personal injury and property damage insurance *including completed operations liability* covering the work of the contractor that is subject to this chapter, for an amount not less than:

### 2. Enforcement

Contractors are currently responsible for the procurement of insurance as required by law, and the proper documentation of that coverage to the Construction Contractors Board lies with the contractor according to CCB administrative rules as outlined in OAR 812-003-0200(2).

Enforcement of the requirement to include completed operations should continue under this existing format as a function of the CCB. This provides the opportunity for enforcement action including suspension of the license if it is found that the coverage represented for the contractor does not properly meet the requirement.

A change in the rule under OAR 812-003-0200 (3) should add the requirement that the certificate of insurance specifically indicate that completed operations coverage is included.

### 3. Implementation

A phase-in period will be necessary to implement the new requirement. Contractor's general liability is written on an annual basis. The change should be implemented so that contractors are required to obtain the completed operations coverage and provide the new certificate on or before the renewal date of their current policy.