

HB 696 -- Construction Contracts

Sponsor: Gosen

This bill changes the laws regarding contracts for public or private construction work. In its main provisions, the bill:

(1) Specifies that in any contract for construction work, an agreement to indemnify, hold harmless, insure, or defend the officers, employees, or agents against liability, claims, damages, economic losses, expenses, or attorneys fees caused by the negligence of an officer, employee, agent, or subcontractor will be void as against public policy and unenforceable. Currently, only an agreement which holds harmless another person from that person's own negligence or wrongdoing is void and unenforceable;

(2) Specifies that a party's promise to purchase a project-specific insurance policy including an owner's or contractor's protective liability insurance, project management protective liability insurance, or builder's risk insurance will not apply to the indemnity provisions;

(3) Removes a provision regarding a party's liability under the indemnity obligation being limited to the coverage and limits of the required insurance;

(4) Revises the term "construction work" to include the design, development, reconstruction, and renovation of any public or private real property, buildings, structures, improvements, highways, streets, roads, bridges, viaducts, shafts, wells, water or sewer systems, gas or other distribution systems, pipelines, or appliances but does not include work on utility poles or lines of municipal utilities, rural electric cooperatives, or any telecommunications or cable television provider;

(5) Specifies that the term "indemnify" or "hold harmless" includes any requirement to name the indemnified party as an additional insured in the indemnitor's insurance coverage for the purpose of providing an indemnification for any liability not otherwise allowed; and

(6) Requires a construction contract for a substantial amount of work to be done in Missouri to be subject to the laws of this state; requires any litigation or other dispute resolution proceeding arising from the contract to be conducted in this state; and specifies that any provision, covenant, or clause in a construction work contract that conflicts with the provisions of the bill will be void and unenforceable.