

HB 481 -- Construction Contracts Against Public Policy

Sponsor: Gosen

This bill changes the laws regarding construction contracts against public policy. In its main provisions, the bill:

(1) Specifies that in any contract or agreement for public or private construction work as specified in the bill, a covenant, promise, or agreement made by a party to indemnify, hold harmless, insure for liability, or defend a person against liability; claims; damages; losses, including economic losses or expenses, including attorney's fees, that are caused by that person's own negligence or wrongdoing is void as against public policy and wholly unenforceable. The terms "person" and "party" mean an individual, corporation, limited liability company, partnership, partner, joint venture, trust, trustee, and any other entity recognized by law and the person's or party's officers, employees, agents, subcontractors, suppliers, or others for whom the party or person is responsible;

(2) Specifies that the provisions do not apply to a party's covenant, promise, or agreement to indemnify or hold harmless, insure or defend another person from the party's own negligence or wrongdoing or the negligence or wrongdoing of the party's subcontractors and suppliers of any tier or a party's promise to cause another person or entity to be covered or named as an insured or additional insured in a liability insurance contract that provides liability coverage for the person named as an additional insured for the negligence or wrongdoing of the party making the promise or 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. However, any requirement in a contract or agreement for construction work that a party name another person as an additional insured in that party's liability insurance contract for the purpose of providing liability insurance or indemnification or defense for the benefit of another person for that person's own negligence or wrongdoing is void against public policy and wholly unenforceable, and;

(3) Repeals the provision which exempts an agreement containing a party's promise to indemnify, defend, or hold harmless another person from the provisions regarding construction contracts against public policy if the agreement also requires the party to obtain specified limits of insurance to insure the indemnity obligation and the party had the opportunity to recover the costs of the required insurance in its contract price under specified conditions.

These provisions will only apply to contracts or agreements entered into after August 28, 2013.