
SUBSTITUTE SENATE BILL 6724

State of Washington

60th Legislature

2008 Regular Session

By Senate Financial Institutions & Insurance (originally sponsored by Senators Kilmer, Kastama, Kauffman, Roach, and Delvin)

READ FIRST TIME 02/07/08.

1 AN ACT Relating to condominium construction liability insurance;
2 creating new sections; and providing an expiration date.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** The legislature finds that creating
5 affordable housing to address the needs of Washington's workforce is a
6 top priority, and that creating such housing not only benefits working
7 families, but society as a whole. However, there are many barriers in
8 creating such affordable housing and it is in the best interest of the
9 state to determine what those barriers are and how they can be
10 alleviated. Of particular concern in developing workforce housing is
11 the cost of condominium construction liability insurance. Despite the
12 fact that construction materials have improved and that defect claims
13 reportedly have decreased in number, the price of condominium
14 construction liability insurance has not dropped, creating a huge
15 financial burden for affordable housing developers and nonprofit
16 affordable housing developers in particular. Therefore, the
17 legislature declares it to be in the public interest to convene a task
18 force to review condominium construction liability insurance products

1 to help determine how these products can be more competitively priced,
2 allowing more affordable housing units to be developed throughout the
3 state.

4 NEW SECTION. **Sec. 2.** (1)(a) A legislative task force on
5 condominium construction liability insurance is established, with
6 thirteen members as provided in this subsection. The office of the
7 insurance commissioner shall convene the task force with the following
8 members:

9 (i) The majority leader of the senate shall appoint one member from
10 the senate.

11 (ii) The speaker of the house of representatives shall appoint one
12 member from the house of representatives.

13 (iii) The majority leader of the senate and the speaker of the
14 house of representatives shall jointly appoint eleven nonlegislative
15 members of the task force, which shall include one member each from the
16 office of the insurance commissioner, the master builders association,
17 the building industry association of Washington, the association of
18 general contractors, the Washington low income housing alliance, a
19 nonprofit housing developer, a for-profit housing developer, a
20 condominium owners' association, and a lender, and two members
21 representing the interests of the insurance industry.

22 (b) The task force shall elect its cochairs from among its
23 membership. The office of the insurance commissioner shall convene the
24 initial meeting of the task force.

25 (2) The task force shall study condominium construction liability
26 insurance including, but not limited to, the following:

27 (a) The type and number of construction defect claims that are
28 filed against condominium developers, including contractors and their
29 subcontractors;

30 (b) The difference, if any, in the claim experience between for-
31 profit and nonprofit developers;

32 (c) The number and type of entities that are providing construction
33 liability insurance to condominium developers in the Washington market;

34 (d) The type of insurance packages that are available in the market
35 for new condominium construction projects;

36 (e) How to increase the number of entities offering construction

1 liability insurance for condominium developers with a goal of making
2 insurance rates more affordable through increased competition;

3 (f) Compare Washington's market to other states in terms of number
4 of entities offering construction liability insurance for condominium
5 developers and the availability and affordability of such coverage.

6 (3) To support the work of the task force, the office of the
7 insurance commissioner shall invite authorized insurers who offer
8 construction liability insurance for condominium developers to
9 participate in the voluntary submission of claims data for condominium
10 construction liability claims. To further support the work of the task
11 force, the insurance commissioner shall invite the surplus line
12 association of Washington to participate in obtaining the voluntary
13 submission of claims data for condominium construction liability claims
14 from unauthorized insurers who offer construction liability insurance
15 for condominium developers. The task force shall determine the scope
16 and extent of the claims data to be requested, as well as the format
17 for submission.

18 (4) Legislative members of the task force must be reimbursed for
19 travel expenses in accordance with RCW 44.04.120.

20 (5) The task force shall report its findings and recommendations,
21 including recommendations on any proposed legislation, to the
22 legislature by December 1, 2009.

23 (6) This section expires July 1, 2010.

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