

SENATE BILL REPORT

SB 6687

As Reported By Senate Committee On:
Commerce, Trade, Housing & Financial Institutions, February 3, 2000

Title: An act relating to insurance coverage for port districts.

Brief Description: Allowing port districts to acquire insurance coverage.

Sponsors: Senators Prentice, Winsley, McDonald and T. Sheldon.

Brief History:

Committee Activity: Commerce, Trade, Housing & Financial Institutions: 2/3/2000
[DPS].

SENATE COMMITTEE ON COMMERCE, TRADE, HOUSING & FINANCIAL INSTITUTIONS

Majority Report: That Substitute Senate Bill No. 6687 be substituted therefor, and the substitute bill do pass.

Signed by Senators Prentice, Chair; Shin, Vice Chair; Benton, Gardner, Hale, Rasmussen and Winsley.

Staff: Susan Jones (786-7784)

Background: The port districts encourage trade and economic development in this state. The ports are key developers of essential public facilities related to transportation and trade. As such, the ports develop many large infrastructure projects that may have several phases and may take many years to complete. These projects may involve a number of contractors and subcontractors. Many participants in the projects maintain liability insurance policies. These policies may be duplicative and costly. These costs may be included in the bids for the projects, increasing the overall costs of the projects.

Insurance policies may be available to the ports that can be tailored to these long-term, multi-phase projects at a lower overall cost. Current law does not allow the ports to utilize this type of insurance.

Summary of Substitute Bill: Each port district must determine the risks, hazards, and liabilities associated with its facilities and projects to obtain insurance. The insurance, acquired by bid or negotiation, may cover parties to port contracts, commissioners, commissions, and employees. Port district projects in excess of \$100 million are exempt from provisions of the law restricting public agencies from requiring a bidder to apply for insurance or surety bonds from a particular insurer or negotiating or from obtaining insurance or contracts which can be obtained by a bidder, contractor, or subcontractor. The act expires on December 31, 2006.

Substitute Bill Compared to Original Bill: The original bill was not clear when the port was exempt from certain provisions of the law. The substitute bill clarifies that the exemption only applies to larger projects and increases the amount for larger projects from \$25 million to \$100 million. The substitute bill adds an expiration date.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: This allows ports to purchase owner-controlled or wrap up insurance that can be tailor-made to fit the project. This will allow cost savings and avoid overlaps or gaps in insurance coverage. This removes barriers for some companies to participate in these projects. This type of insurance allows the owner to control the job site, which reduces litigation and liability and results in safer job sites. This insurance does not cover workers' compensation.

Testimony Against: Wrap up insurance is not usually done by companies in this state. This bill will eliminate the smaller policies provided by Washington insurers. The cost savings are largest in the workers' compensation area.

Testified: PRO: Terry Finn, Port of Seattle; Debbie Bover, AON Risk Services; CON: Bill Stauffacher, Independent Insurance Agents & Brokers.