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Sectional Analysis SB 208

Under existing law, a person cannot bring a third-party claim against the contractors insurance, only the contractor can file a claim. This leads to several cases a year of people who experience property damage due to the gross negligence of a contractor with no recourse. This can cost the consumer tens of thousands of dollars, and the contractor's bond only covers a fraction of the cost.

Section 1 increases the minimum amount of liability and property damage insurance their contractor must carry from \$20,000 to \$100,000 and increases the exemption for handyman type contractors from \$2500-\$5000 when they are required to get insurance.

Section 2 adds new subsection that requires a contractor to give a written notice to each client that accurately describes the levels and limits of the contractors insurance coverage.

Section 2 also allows a person that has a claim against a contractor for grossly negligent work, to bring a civil action directly against the contractors insurance.

However, before bringing the claim, the person has to have made reasonable attempts to communicate with a contractor about the claim and the contractor has to have failed to acknowledge or respond to the communications about the claim including but not limited to failing to respond to telephone calls, electronic mail, certified mail, subpoenas or other reasonable attempts by the person to contact the contractor.

If the contractor has made a good faith attempt to resolve the person's claim, then there is no third-party claim against the contractor.

This bill was written with a careful balance to assure that frivolous claims will not be brought against any contractor that acts responsibly and does their due diligence.

Senator Mike Shower