

hbd-06

Amendment No. ____ (for drafter's use only)

	<u>Senate</u>	CHAMBER ACTION	<u>House</u>
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Representative(s) Lacasa offered the following:

Amendment (with title amendment)

On page 4, line 19, of the bill

insert:

Section 1. (1) DEFINITIONS.--For purposes of this act:

(a) "Economic loss" means damages for inadequate value, costs of repair and replacement of a defective product, or consequent loss of profits, without any claim of personal injury or damage to other property, and includes the diminution in the value of a product that is inferior in quality and does not work for the general purposes for which the product was manufactured and sold.

(b) "Fraud in the inducement" means activity occurring prior to entering into a contract in which a party is precluded from being able to freely negotiate.

(c) "Other property" means property outside the scope of a contract.

(2) ECONOMIC LOSS RULE.--Parties to a contract cannot

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1 recover tort damages for solely economic losses in the absence
2 of personal injury or damage to other property. Parties to a
3 contract are limited to contract remedies.

4 (3) LIMITATIONS.--The economic loss rule operates as a
5 bar to tort recovery only if the parties are in privity. No
6 suit shall lie in tort for negligence if damages are solely
7 economic. The economic loss rule bars causes of action based
8 solely on fraud related to a contract. A construction
9 contractor is barred from bringing any tort claim for a
10 situation in which the contractor suffers solely economic
11 loss, regardless of whether the contractor is in privity of
12 contract. The contractor's only remedy is under the contract
13 and warranty.

14 (4) EXCEPTIONS.--A party may sue to recover economic
15 damages in tort as long as such damages are a direct result
16 of, and connected to, bodily harm or injury to other property.
17 A party may sue in tort if the economic loss is connected with
18 a contract but the intentional negligent act occurs
19 independent from the contract breach. An action based upon
20 fraud in the inducement is not barred by the economic loss
21 rule. Fraud in the inducement creates an independent cause of
22 action in tort. However, if the fraud arises from the
23 performance of the contract, the only cause of action is under
24 the contract or warranty.

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27 ===== T I T L E A M E N D M E N T =====

28 And the title is amended as follows:

29 On page 1, line 2, after the semicolon

30
31 insert:

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providing definitions; prohibiting recovery of
tort damages for solely economic losses;
providing limitations; providing exceptions;