

By Senators Wise and Bennett

5-310-04

See HB

1 A bill to be entitled
2 An act relating to insurance; creating s.
3 255.0517, F.S.; defining terms; limiting the
4 authority of certain public agencies to
5 purchase owner-controlled insurance programs
6 for public construction projects; establishing
7 purchase requirements; providing exemptions;
8 creating s. 627.441, F.S.; defining terms;
9 requiring insurers issuing commercial general
10 liability policies to offer coverage for
11 completed operations liability for certain
12 contractors to the extent that coverage is not
13 provided under an owner-controlled insurance
14 program; providing an effective date.

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16 Be It Enacted by the Legislature of the State of Florida:

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18 Section 1. Section 255.0517, Florida Statutes, is
19 created to read:

20 255.0517 Owner-controlled insurance programs for
21 public construction projects.--

22 (1) DEFINITIONS.--As used in this section, the term:

23 (a) "Owner-controlled insurance program" means a
24 consolidated insurance program or series of insurance policies
25 issued to a public agency that may provide one or more of the
26 following types of insurance coverage for all of the
27 contractors, subcontractors, architects, and engineers working
28 at specified or multiple contracted work sites of a public
29 construction project: general liability, property damage,
30 workers' compensation, employer's liability, builder's risk,
31 or pollution liability coverage.

1 **(b) "Specified contracted work site" means**
2 **construction being performed during one or more fiscal years**
3 **at one site or a series of contiguous sites separated only by**
4 **a street, roadway, waterway, or railroad right-of-way or along**
5 **a continuous system for the provision for water and power.**

6 **(c) "Multiple contracted work site" means construction**
7 **being performed at multiple sites during one or more fiscal**
8 **years that is part of an ongoing capital infrastructure**
9 **improvement program or involves the construction of one or**
10 **more public schools.**

11 **(2) PURCHASE REQUIREMENTS.--A state agency, political**
12 **subdivision, state university, community college, airport**
13 **authority, or other public agency in this state, or any**
14 **instrumentality thereof, may only purchase an owner-controlled**
15 **insurance program in connection with a public construction**
16 **project if it is determined necessary and in the best interest**
17 **of the public agency and if each of the following conditions**
18 **is met:**

19 **(a) The estimated total cost of the project is:**

20 **1. Seventy-five million dollars or more;**

21 **2. Thirty million dollars or more, if the project is**
22 **for the construction or renovation of two or more public**
23 **schools during a fiscal year; or**

24 **3. Ten million dollars or more, if the project is for**
25 **the construction or renovation of one public school,**
26 **regardless of whether the project's duration extends beyond a**
27 **fiscal year.**

28 **(b) The program maintains completed operations**
29 **insurance coverage for a term during which the coverage is**
30 **reasonably commercially available, as determined by the public**
31 **agency, but for no less than 5 years.**

1 (c) The bid or proposal specifications for the project
2 clearly specify, for all bidders or proposers, the insurance
3 coverage provided under the program and the minimum safety
4 requirements that must be met.

5 (d) The program does not prohibit a contractor or
6 subcontractor from purchasing any additional insurance
7 coverage that the contractor or subcontractor believes is
8 necessary for protection against any liability arising out of
9 the contract. The cost of the additional insurance must be
10 disclosed to the public agency.

11 (e) The program does not include surety insurance.

12 (f) The public agency may only purchase an
13 owner-controlled insurance policy that has a deductible or
14 self-insured retention if the deductible or self-insured
15 retention does not exceed \$1 million per occurrence.

16 (g) The public agency is responsible for payment of
17 the applicable deductibles of all claims.

18 (3) EXEMPTIONS.--This section does not apply to the
19 following projects:

20 (a) Any project of the Department of Transportation
21 which is authorized under s. 337.11;

22 (b) Any existing project or projects of a public
23 agency which are the subject of an ongoing, owner-controlled
24 insurance program issued before October 1, 2004; or

25 (c) Any project of a public agency which is advertised
26 by the public agency before October 1, 2004, for the purpose
27 of receiving bids or proposals for the project.

28 Section 2. Section 627.441, Florida Statutes, is
29 created to read:

30 627.441 Commercial general liability policies;
31 coverage to contractors for completed operations.--

1 (1) As used in this section, the term:

2 (a) "Contractor" means a contractor, subcontractor,
3 architect, or engineer performing work on a public
4 construction project under contract with a public agency, as
5 described in s. 255.0517(2).

6 (b) "Liability insurer" means an insurer issuing a
7 commercial general liability insurance policy in this state to
8 a contractor that provides coverage for liability arising out
9 of completed operations performed by the contractor or on the
10 contractor's behalf.

11 (2) A liability insurer must offer coverage at an
12 appropriate additional premium for liability arising out of
13 current or completed operations under an owner-controlled
14 insurance program for any period beyond the period for which
15 the program provides liability coverage, as specified in s.
16 255.0517(2)(b). The period of such coverage must be sufficient
17 to protect against liability arising out of an action brought
18 within the time limits provided in s. 95.11(3)(c).

19 Section 3. This act shall take effect October 1, 2004.

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