

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2001

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SENATE BILL 852

Short Title: Insurance for Public Works Projects.

(Public)

Sponsors: Senator Hoyle.

Referred to: Insurance and Consumer Protection.

April 4, 2001

A BILL TO BE ENTITLED

AN ACT TO AUTHORIZE THE STATE TO PURCHASE OWNER-CONTROLLED
OR WRAP-UP INSURANCE FOR PUBLIC WORKS PROJECTS.

The General Assembly of North Carolina enacts:

SECTION 1. Article 31 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-31-65. Owner-controlled or wrap-up insurance authorized.

(a) To the extent it is determined necessary and in the best interest of this State, the Department may obtain design and construction insurance or provide for self-insurance against property damage caused by this State, its departments, agencies, boards, and commissions and all officers and employees of this State in connection with the construction of public works projects. Workers' compensation and general liability insurance may be purchased to cover both general contractors and subcontractors doing work on a specific contracted work site. In connection with the construction of public works projects, the Department may also use an owner-controlled or wrap-up insurance program if all of the following conditions are met:

- (1) The total cost of the project or group of projects is over fifty million dollars (\$50,000,000).
- (2) The program maintains completed operations coverage for a term during which coverage is reasonably commercially available as determined by the Commissioner, but in no event for fewer than three years.
- (3) Bid specifications clearly specify for all bidders the insurance coverage provided under the program and the minimum safety requirements that shall be met.
- (4) The program does not prohibit a contractor or subcontractor from purchasing any additional insurance coverage that a contractor believes is necessary for protection from any liability arising out of the

1 contract. The cost of the additional insurance shall not be passed
2 through to this State on a contract bid.

3 (5) The program does not include surety insurance.

4 (6) The State may purchase an owner-controlled or wrap-up policy that
5 has a deductible or self-insured retention as long as the deductible or
6 self-insured retention does not exceed one million dollars
7 (\$1,000,000).

8 (b) For the purposes of subsection (a) of this section:

9 (1) "Owner-controlled or wrap-up insurance" means a series of insurance
10 policies issued to cover this State and all of the construction managers,
11 contractors, subcontractors, architects, and engineers on a specified
12 contracted work site or work sites for purposes of general liability,
13 property damage, and workers' compensation. A State agency or the
14 State may be a secondary insured under owner-controlled or wrap-up
15 insurance.

16 (2) "Specific contracted work site" means construction being performed at
17 one site or a series of contiguous sites separated only by a street,
18 roadway, waterway, or railroad right-of-way, or along a continuous
19 system for the provision of water and power."

20 **SECTION 2.** This act is effective when it becomes law.