



INCREASING HOUSING LIABILITY COSTS ***PLEASE OPPOSE SB 6701***

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The AIA|WA understands the concerns being raised by consumers about examples of poor quality construction in some residential construction. Consumers should certainly be able to expect that their homes will be designed and built safely and effectively.

Unfortunately SB 6701 will not solve the problems in residential construction but will definitely increase the cost of housing.

Statutory Warranties – Architectural Insurance Does Not Cover Warranties

While statutory warranties might seem like a quick fix, in reality they will provide no relief to consumers and will drive companies out of the residential markets. The legislature enacted voluntary warranties for condominiums in 2004. However, these warranties have not been used. Insurers have found the standards to be too vague and problematic to underwrite effective liability insurance policies.

Further, architects' insurance specifically prevents them from warranting construction work. Architects carry Errors & Omissions insurance. They are only covered for design errors or omissions. Since insurers will not write warranty coverage, architects will be forced out of residential design work or do these projects without insurance coverage.

The Most Effective Change - License General Contractors

The first step in providing more information to consumers, and holding contractors accountable, is to license general contractors, construction supervisors and the companies involved in residential construction.

Establishing a licensing board at the Department of Licensing regarding these new licenses would solve many problems. The licensing board could:

- ◆ give consumers a place to file complaints,
- ◆ have complaints investigated,
- ◆ discipline contractors through fines or revocation of licenses,
- ◆ monitor the performance of companies,
- ◆ note patterns of consumer complaints over time,
- ◆ track contractors as they change companies.

Costs

The fiscal impact of this legislation will be borne by architects in the form of lawyer fees, fewer insurance products and higher liability premiums. But it isn't only architects who will bear the financial burden, our state's consumers will also suffer from the lack of affordable construction.

KEY POINTS

- *This bill will not solve problems with residential construction.*
- *This bill will increase the cost of housing making it more difficult in an already down market.*
- *Insurers will not issue warranty coverage for architects; as a result architects will not perform residential design work rather than do so uninsured.*
- *Legislation should look at licensing general contractors, construction supervisors and companies involved in residential construction as a remedy.*

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