



Personal Insurance Federation of California

California's Personal Lines Trade Association

REPRESENTING THE LEADING AUTOMOBILE AND HOMEOWNERS INSURERS
State Farm • Farmers • 21st Century Insurance Group • SAFECO • Progressive

MEMORANDUM

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Date: April 29, 2004

To: The Honorable Martha Escutia, Chair
Members, Senate Judiciary Committee

From: Dan C. Dunmoyer, President
G. Diane Colborn, Vice President of Legislative and Regulatory Affairs
Michael A. Gunning, Senior Legislative Advocate

RE: SB 1839 (Figueroa): Construction Contracts: Immunity Agreements
Senate Judiciary Committee Hearing: May 4, 2004
PIFC Position: Support

The Personal Insurance Federation of California (PIFC), which represents insurers who provide construction dispute resolution insurance to subcontractors throughout the state of California, **supports SB 1839** by Senator Figueroa.

SB 1839, among other things, would provide that all agreements affecting any construction contract that purports to hold subcontractors responsible for alleged defects they did not cause are against public policy, void, and unenforceable.

PIFC represents insurance companies that offer insurance to subcontractors throughout the state of California. Currently, the cost of general liability insurance for subcontractors is skyrocketing out of control. Insurance costs are escalating for subcontractors due in large part to subcontractors being held responsible for alleged defects for which they have no responsibility. SB 1839 is a positive first step in attempting to address this crucial issue.

PIFC is committed to working with all parties involved-- contractors, subcontractors, trial lawyers, trade groups and other important affected parties -- to ensure that balance can be brought back to the construction dispute resolution process to ensure that all parties are fairly treated, that responsible parties pay for the damages or problems they have caused, and that parties who hold no responsibility for damages caused have minimal or no costs associated with the construction dispute resolution process.

For the reasons stated above, **PIFC supports SB 1839 and urges your yes vote.** If you have any questions regarding our position on this measure, please contact Dan Dunmoyer at (916) 442-6646.

cc: Senator Figueroa, Author
Michael Yang, Senate Judiciary Committee
Mike Petersen, Senate Republican Caucus
Cynthia Bryant, Office of the Governor
Scott Reid, Office of the Insurance Advisor