

ASSEMBLY, No. 4010

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED MAY 4, 2020

Sponsored by:

Assemblyman ROBERT J. KARABINCHAK

District 18 (Middlesex)

SYNOPSIS

Requires entities performing certain construction services on public contracts to carry errors and omissions insurance.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning errors and omissions insurance on public
2 contracts and supplementing chapter 32 of Title 52 of the Revised
3 Statutes.

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5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

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8 1. A construction services contract or agreement, the cost or
9 contract price whereof is to be paid with or out of public funds or out
10 of college funds, as applicable, awarded in accordance with the
11 “Local Public Contracts Law,” P.L.1971, c.198 (C.40A:11-1 et seq.),
12 the “Public School Contracts Law,” N.J.S.18A:18A-1 et seq., the
13 “State College Contracts Law,” P.L.1986, c.43 (18A:64-52 et seq.),
14 R.S.52:32-2, or P.L.1954, c.48 (C.52:34-6 et seq.) shall require errors
15 and omissions insurance. A copy of the insurance policy shall be
16 provided to the government entity or entities included in the
17 construction services contract or agreement. The contract or
18 agreement shall be subject to the provisions of P.L.1963, c.73
19 (C.47:1A-1 et seq.) and all of its exemptions, commonly known as
20 the open public records act, and the declarations page, or its
21 substantial equivalent, shall be made available to the public on the
22 official website of the Department of the Treasury, Department of
23 Community Affairs, or Department of Education, as appropriate, and
24 the official website of the municipality the construction is to take
25 place.

26 As used in this section, “construction services” means civil design,
27 mechanical engineering, electrical engineering, plumbing design,
28 and structural engineering

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30 2. This act shall take effect immediately.

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STATEMENT

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35 This bill requires parties in agreement or contracted on public
36 contracts for construction services to carry errors and omissions
37 insurance. No entity would be awarded a contract without sufficient
38 proof of errors and omissions insurance. A copy of the insurance
39 would be provided to the government entity or entities included in
40 the contract or agreement. Errors and omissions insurance is a
41 specialized type of liability protection that is not covered by
42 traditional liability insurance. Errors and omissions coverage is
43 designed to insure members of a particular professional group from
44 the liability arising out of a special risk such as negligence,
45 omissions, mistakes, and errors inherent in the practice of the
46 profession. The construction services outlined in this bill include
47 civil design, mechanical engineering, electrical engineering,
48 plumbing design, and structural engineering. The declarations page

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- 1 will be made available to the public on the official website of the
- 2 Department of the Treasury, Department of Community Affairs, or
- 3 Department of Education, as appropriate, and the official website of
- 4 the municipality the construction is to take place.