



**Building Industry Association of Washington**

Post Office Box 1909 • Olympia, WA 98507 • 1-800-228-4229 • (360) 352-7800

## **NEWS RELEASE**

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CONTACT: Erin Shannon  
Public Relations Director  
1-800-228-4229

### **Insurance Industry Warns of Dire Consequences of “Homeowner Bill of Rights”**

OLYMPIA—Last Friday, the House Judiciary Committee held a hearing on SB 5550, the so-called “Homeowner’s Bill of Rights,” sponsored by trial lawyer Senator Brian Weinstein. Representatives from the building industry, realtors, business groups, architects and the insurance industry testified the bill would be a catastrophe for Washington homebuyers and the homebuilding industry.

SB 5550 imposes a mandatory warranty and extends homebuilder and remodeler liability beginning in 2008 if a task force created under the bill is unable to come up with comprehensive recommendations on protecting consumers from poor construction. SB 5550 masquerades as a study.

“Senator Weinstein and his fellow trial attorneys are under no pressure to find legitimate and balanced solutions because by doing nothing over the interim, they get what they want—an onerous warranty that extends the time period to sue builders,” said BIAW Legislative Policy Director Brian Minnich.

Warranty companies present at the hearing stated unequivocally that SB 5550 would drive them out of the market. Larry Martin of the Homebuyer’s Warranty Co. warned legislators that, “if SB 5550 moves forward as presently drafted, we will not be able to provide any sort of warranty coverage for builders in Washington.”

And Jeffrey Thomas, an attorney with the Contractors Bonding and Insurance Company, noted that SB 5550 had been proposed without any consultation with the insurance industry.

BIAW President Daimon Doyle testified that insurance companies (including his own) are so concerned about SB 5550 that they are holding renewal of general liability policies until the end of the legislative session.

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This compelling testimony was substantiated by a report issued last week by the Washington Policy Center, a non-profit, non-partisan public policy think-tank. The report concludes SB 5550 will result in more litigation, higher liability insurance premiums, and will very likely drive small and minority-owned businesses out of the home construction market.

The report questions the need for such legislation, given the paucity of consumer complaints against builders. According to study, “based on annual data from annual complaint filings, about 98.5% of building contractor customers are either satisfied with the price and quality of service they received, or were able to resolve minor disputes without resorting to the formal process.” The report further notes that contractor complaints are negligible compared to complaints against other industries—for instance, the complaint rate against contractors (to the Better Business Bureau and state Attorney General) has held steady in recent years at 1.46—1.59%. In comparison, the complaint rate against attorneys (to the Washington State Bar Association) last year was 7.51% (470% greater than complaints made against contractors).

*Known as the “voice of the housing industry,” the Building Industry Association of Washington is the largest trade association in Washington State, representing over 350,000 families and 12,700 member companies involved in the homebuilding business.*