

BILL ANALYSIS

C.S.H.B. 2014
By: Smithee
Insurance
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Consolidated Insurance Programs (CIPs) are insurance programs in which a principal, usually either an owner or general contractor, provides insurance coverages that are bundled into one insurance program for a single construction project or multiple construction projects. The coverage usually provides coverage for everyone on the project, from the general contractor to the subcontractor and lower tiered subcontractors and their employees. The coverage can include such insurance as general liability, workers compensation and builders risk. In the industry, these programs are sometimes referred to as “wraps”. The goal of these programs is to reduce overall insurance costs for the project by providing one policy covering everyone.

The experience of many contractors and subcontractors has been mixed when CIPs have been used. Coverage may not be to the same extent that the contractor or subcontractor normally carries. The amount of insurance may not match the magnitude of the job and cover everyone. Oftentimes there are gaps in coverage. If a defect or an injury occurs after the subcontractor has left the job, there may not be coverage. Also many policies terminate prior to the expiration of the Statute of Repose. An off-site accident, although related to the project, may not be covered.

An additional layer of administration is necessary, but not always provided or not always provided with competent staff. Separate payroll and auditing procedures are often required of contractors and subcontractors. When a job is finished, final payment is oftentimes unduly delayed because the administrator has not completed the insurance audit.

With such experiences, many contractors and subcontractors maintain their own liability insurance and workers' compensation in order to be insured adequately---thereby increasing the cost of a project. Additionally, some carriers refuse to provide separate coverage for a contractor or subcontractor when a CIP is involved.

C.S.H.B. 2014 is intended to set certain standards for the coverage provided and the administration for a Consolidated Insurance Program. The overall intent is to provide standards of administration, coverage, and safety that will provide cost efficient and suitable coverage for all parties on the construction project covered by a consolidated insurance program.

RULEMAKING AUTHORITY

It is the opinion of the committee that rulemaking authority is expressly granted to the Commissioner of the Texas Department of Insurance in Section 1 (Section 151.004 of the Texas Insurance Code) of this bill.

ANALYSIS

C.S.H.B. 2014 relates to the operation and regulation of certain consolidated insurance programs; providing penalties.

SECTION 1. Adds a new Subtitle C. to Title 2, Insurance Code, and creates Chapter 151 under the Subtitle C. Subtitle C. is titled "Programs Affecting Multiple Lines of Insurance" and Chapter 151. is titled "Consolidated Insurance Programs".

Sec. 151.001. DEFINITIONS. Provides definitions for “administrator”, “consolidated insurance program”, “construction project”, “construction project site”, “contractor”, “insurance credit”, “insurer”, and “residential construction project”.

Sec. 151.002. PRINCIPAL. (a) A principal means the person who procures the insurance policy. (b) The principal under a consolidated insurance program is the person responsible for

C.S.H.B. 2014 80(R)

the payment of the premium on the insurance coverage. The principal is typically the first named insured on a general liability insurance policy.

Sec. 151.003. ROLLING CONSOLIDATED INSURANCE PROGRAM. For purposes of this chapter, a "rolling consolidated insurance program" means a consolidated insurance program based on a fixed expiration date and the construction value of the ongoing operations related to certain construction projects. The construction projects may be: at one location and involve multiple projects or phases with an overall duration and value as provided by the policy coverage; or at multiple locations and involve different construction projects among different parties within the overall duration and value as provided by the policy coverage, such as: a multiple schools being constructed by a school district under a bonded indebtedness program; or certain multiple construction projects for which a principal or contractor purchases a single insurance program.

Sec. 151.004. RULES. The commissioner shall adopt rules in the manner provided by Subchapter A, Chapter 36, as necessary to implement and enforce the purpose and intent of this chapter.

Sections 151.005-151.050, 151.067-151.100, 151.105-151.150 reserved for expansion

SUBCHAPTER B. GENERAL REQUIREMENTS FOR A CONSOLIDATED INSURANCE PROGRAM.

Sec. 151.051. GENERAL REQUIREMENTS. An insurance contract or policy issued under a Consolidated Insurance Program (CIP) must provide coverages in the manner required by the department under this code; and comply with: commissioner rules and all statutory requirements; and the requirements adopted under this chapter.

Sec. 151.052. REQUIRED COVERAGES. (a) An insurance policy or contract issued under a consolidated insurance program must provide coverages for all operations on the construction project site that are necessary and incidental to the construction project to the extent of the type of insurance that is provided under the policy. (b) This chapter or contract requirement may not be interpreted to prevent a contractor from obtaining any insurance coverage not provided by the consolidated insurance program to protect the contractor and the construction project.

Sec. 151.053. NOTICE OF CERTAIN CHANGES. (a) Except as provided by Subsection (b), after the execution of a construction contract by the principal, the coverages or limits under the consolidated insurance program may not be reduced, nonrenewed, or canceled without written notice provided to the principal and all contractors. The notice required under this subsection must be provided by the insurer or administrator not later than the 60th day before the effective date of the reduction, nonrenewal, or cancellation. (b) A notice to cancel coverage due to nonpayment of premium is effective only after written notice provided to the principal at least 10 days before the scheduled effective date of the cancellation due to nonpayment of premium. (c) If any coverage is canceled, the insurer or administrator shall notify each contractor in writing that coverage has been canceled. The notice under this subsection must be sent not later than the effective date of the cancellation of coverage.

Sec. 151.054. COVERAGE OF CONTRACTORS; EFFECT OF SEPARATE COVERAGE. (a) Each contractor on a construction project covered by a CIP must be listed as a named insured on each general liability insurance policy under the program and have equal rights under the general liability insurance policy with the principal and other contractors, subject to insurance industry standard differences between a first-named insured and a name insured. (b) Subsection (a) does not apply to a policy that is issued individually in the name of the contractor as the first-named insured under a CIP. (c) The principal or contractor may not require a contractor to obtain an additional insured endorsement on the contractor's separately maintained insurance policy that is of the same general type as the insurance coverage provided by the CIP other than an insurance policy covering off-site work for ongoing operations that is related to the project and that not covered by the CIP. (d) The CIP coverages must be primary and noncontributory to any insurance policy separately maintained by a contractor covered by the CIP that is of the same general type as the insurance coverages provided by the CIP.

Sec. 151.055. COMPLIANCE BY THE PRINCIPAL AND OTHER CONTRACTORS. (a) A principal under CIP who does not comply with the requirements of this chapter may not, directly or indirectly, including by deduction from a payment or by requesting an insurance credit, charge a contractor for any insurance coverage provided to the contractor by the program. (b) Failure by a principal to maintain the structure, management, or insurance coverage, or to reinstate the limits of liability if the limits are fully expended in a policy year, constitutes a material breach of all construction contracts and subcontracts being performed under the consolidated insurance program. For purposes of this subsection, the determination of when limits of liability are fully expended shall be based on incurred losses and expenses. (c) A contractor who contracts with a lower-tier contractor may not charge the lower-tier contractor for any insurance coverage if the principal has failed to comply with the requirements of this chapter. (d) For purposes for this section, noncompliance by a principal does not include substantial compliance by a principal with the requirements of this chapter such that the lack of full compliance does not violate the purpose and intent of this chapter and no person is harmed from failure to obtain full compliance.

Sec. 151.056. SUBROGATION. (a) The principal and a contractor do not have subrogation rights against each other for a general liability claim covered by the consolidated insurance program. (b) A contractor and another contractor do not have subrogation rights against each other for a generality liability claim covered by the consolidated insurance program.

Sec. 151.057. APPLICATION TO GENERAL LIABILITY COVERAGE.

If the CIP includes general liability coverage, coverage for a contractor under the CIP must be provided for: a negligent act of a contractor, whether caused by a direct act of the contractor or assumed under contract; and the contractor's ongoing operations and the contractor's completed operations.

Sec. 151.058. DURATION OF GENERAL LIABILITY COVERAGE. (a) A CIP that provides general liability coverage must continue completed operations insurance coverage until the expiration of the limitations period for bringing an action for damages as provided by Section 16.009, Civil Practice and Remedies Code. (b) A contractor's separately maintained insurance policy may not exclude coverage for ongoing operations of the contractor for warranty or punch-out work on a construction project covered by CIP that occurs after the contractor has received written notice from the principal, insurer, or administrator that the consolidated insurance program has ended. (c) The principal, administrator, or insurer shall notify in writing each contractor covered under a consolidated insurance program of the date that ongoing operations coverage ends under the program. The notice must be sent not later than the date on which the coverage ends.

Sec. 151.059. INSURER REQUIREMENTS; INSURER RATINGS. (a) All insurance coverages under a consolidated insurance program for a residential or nonresidential construction project must be provided by an insurer that has: a financial strength rating of at least A- and a financial size rating of at least Class XI, as currently reported by the A.M. Best Company; or an equivalent rating made by a similar rating organization recognized by the commissioner. (b) Insurance policies providing coverage under the consolidated insurance program shall be delivered to the first-named insured not later than the 60th day after the date on which the coverage takes effect. (c) The requirements of this section must be maintained for the duration of the construction project.

Sec. 151.060. DEFENSE COVERAGE FOR CLAIM OR SUIT. a) In the event of a lawsuit or arbitration proceeding that is covered by the consolidated insurance program, an insurance policy under the program must provide coverage for the defense of each contractor. (b) Defense costs for a contractor under Subsection (a) may not be included in the limit of liability of an insurance policy under the consolidated insurance program if the defense costs for the principal are not included in the limit of liability.

Sec. 151.061. PAYMENT OF CERTAIN DEDUCTIBLES, LOSSES, OR PENALTIES. (a) Except as provided by Subsection (b), a principal is solely liable for: (1) any coverage deductibles or losses in a retrospective rating plan or other loss-sensitive rating plan under a consolidated insurance program; (2) any penalties incurred under the program; and (3) all deductibles applicable to any policy provided under the consolidated insurance program. (b) If a contractor covered by the consolidated insurance program is the cause of a property damage

accident for which insurance is provided under the consolidated insurance program, the contractor shall reimburse the principal for any deductible amount for which the principal is responsible under Subsection (a). The deductible amount for which the contractor is responsible under this subsection may not exceed the lesser of: (1) the amount of the contractor's deductible for the same general type of insurance coverage separately maintained by the contractor; or (2) \$5,000.

Sec. 151.062. **PREMIUMS ASSESSED TO CONTRACTOR.** If any premiums for coverage subject to experience modification under a consolidated insurance program on a single or multiple construction project are assessed to a contractor, the contractor's most recent experience modifier, as of the date on which the contractor submitted the contractor's price proposal, must be used in the computation of the premium to be assessed to the contractor for the duration of the construction project.

Sec. 151.063. **DATA REPORTS FOR WORKERS' COMPENSATION.** (a) The administrator shall report at least bimonthly the loss and payroll data that relates to a contractor in detail to the contractor who is the subject of the report. (b) The initial report under Subsection (a) must be sent not later than the 15th day of the second month after the date on which the contractor begins work on the construction project that requires payroll reports, with subsequent bimonthly reports sent not later than the 15th day of the second month after a month in which the contractor performed work covered by the consolidated insurance program. (c) The administrator shall send to each contractor annually a written compilation of all payroll and loss information attributable to the contractor who is the subject of the report. The report must be sent not later than the 120th day after the expiration date of the workers' compensation policy. (d) The contractor who is the subject of the report under Subsection (c) shall send a written notice of any discrepancies in the payroll or loss information to the administrator not later than the 30th day after the date on which the contractor receives the report. (e) The administrator shall resolve any discrepancies reported under Subsection (d) not later than the 30th day after the date of receipt of the contractor's report of discrepancies under Subsection (d), and shall report the correct information to the contractor and to the insurer. (f) If the contractor who is the subject of the report is the sole source of the information required for compilation of the report, the deadlines under Subsection (b), (c), or (e) shall be extended by one day for each day the contractor who is the subject of the report delays providing the necessary information.

Sec. 151.064. **AUDIT REQUIREMENTS.** (a) Except as provided by Subsection (b), any required audit of a contractor covered by a consolidated insurance program who is subject to a premium charge or deduction for the coverage must be completed not later than the 90th day after the date on which the contractor completes the contractor's work on the construction project. (b) The audit completion date under Subsection (a) shall be extended by one day for each day the contractor subject to the audit delays completion of a necessary audit by failing to provide the auditor with access to the contractor's records after the contractor has received written notice from the administrator, insurer, or auditor stating the date on which the audit is to be conducted. (c) In complying with this section, the insurer shall comply with the commissioner's rules relating to: (1) the statistical plan for workers' compensation; and (2) the reporting requirements established under the statistical plan.

Sec. 151.065. **LIMITED EXCEPTION TO RATING STANDARDS.** Sections 2053.002 and 2251.052, Insurance Code, and Section 1, Chapter 50, Acts of the 53rd Legislature, Regular Session, 1953 (Article 5.77, Vernon's Texas Insurance Code), do not apply to rates used for an insurance policy issued under a consolidated insurance program under this chapter to the extent that those laws require an insurer to produce rates for individual risks.

[Sections 151.066-151.100 reserved for expansion]

SUBCHAPTER C. COVERAGE LIMITS

Sec. 151.101. **GENERAL REQUIREMENTS.** Subject to Section 151.058, aggregate and per-occurrence limits of all general liability insurance coverages under a consolidated insurance program apply to all contractors under the program for the duration of each construction project covered by the program.

Sec. 151.102. PER-OCCURRENCE LIMITS. (a) For a residential construction project, the per-occurrence general liability limit must be not less than the greater of: (1) 20 percent of the overall construction project value; or (2) \$5 million. (b) For a nonresidential construction project that has an overall construction project value that does not exceed \$400 million, the per-occurrence general liability limit must be not less than the greater of: (1) 25 percent of the overall construction project value; or (2) \$50 million. (c) For a nonresidential construction project that has an overall construction project value that exceeds \$400 million, the per-occurrence general liability limit must be not less than \$100 million. (d) For a nonresidential construction project covered by a rolling consolidated insurance program, the per-occurrence general liability limit must be not less than the greater of: (1) 25 percent of the overall construction project value during the 12-month period immediately preceding the inception date of the policy; or (2) \$50 million. (e) For employer liability coverage under a consolidated insurance program that provides workers' compensation insurance coverage, the per-occurrence liability limit may not be less than the applicable general liability limit.

Sec. 151.103. ANNUAL REINSTATEMENT OF LIABILITY LIMITS. The consolidated insurance program must reinstate annually the liability limits for each policy subject to the program or be replaced by other policies that provide equivalent coverage and limits. This section does not apply to a completed operations coverage limit on completion of the construction project.

Sec. 151.104. NOTICE REGARDING REDUCTION IN LIMIT. (a) The insurer, or the administrator on the insurer's behalf, shall notify all contractors in writing not later than the 10th day after the date the total limit of coverage for any type of liability coverage issued under the consolidated insurance program is reduced by: (1) 50 percent; and (2) each additional 10 percentage point reduction after the initial 50 percent reduction. (b) The reduction in the limit under Subsection (a) shall be computed based on incurred losses and expenses. (c) The notice under Subsection (a) must describe: (1) the initial limit of liability coverage; and (2) the limit of liability coverage that remains as of the notice date. (d) If the limits of a policy have been expended, triggering the limits of another policy, the notice under Subsection (a) is required only if the combined limit of all policies providing the coverage has been reached. (e) The limit of liability may not be reduced if the insurer fails to comply with Subsection (a).

[Sections 151.105-151.150 reserved for expansion]

SUBCHAPTER D. DISCLOSURE REQUIREMENTS FOR ADMINISTRATION OF CONSOLIDATED INSURANCE PROGRAM

Sec. 151.151. REQUIRED DISCLOSURE AT BID SOLICITATION. At the time a principal or contractor is soliciting bids for a construction project, the principal or contractor must disclose prominently in the project plans, specifications, and any request for bids or proposals that the project may be covered by a consolidated insurance program subject to this chapter.

Sec. 151.152. GENERAL ELEMENTS OF BID SOLICITATION DISCLOSURE. (a) Each disclosure made under Section 151.151 must include information sufficient to reasonably describe the insurance coverage and limits that will be provided under the consolidated insurance program and the program operation such that a bidder is able to compare the bidder's own insurance program with the coverages, limits, and operation program provided under the consolidated insurance program. (b) The disclosure under Subsection (a) is not required to be as detailed as the disclosure required under Section 151.153.

Sec. 151.153. REQUIRED DISCLOSURE PRIOR TO CONTRACT EXECUTION. (a) A principal may establish for a construction project a minimum construction contract amount for a contractor to be included in a consolidated insurance program. (b) Not later than the 14th day before the date on which a principal or contractor executes a contract for a construction project covered by a consolidated insurance program, the principal or contractor that solicited the bid must make a written disclosure to the contractor that contains detailed information concerning the consolidated insurance program. (c) After receipt of the written disclosure required under Subsection (b), if the disclosure contains any adverse material change from the disclosure made under Section 151.151, a contractor may, without recourse or liability for damage to any person:

(1) withdraw the contractor's price proposal for work on the construction project; or (2) modify the price for the insurance component of the proposal for work on the construction project.

Sec. 151.154. GENERAL ELEMENTS OF PRECONTRACT DISCLOSURE. Each disclosure made under Section 151.153 must include: (1) the name and address of each insurer providing an insurance policy or contract under the consolidated insurance program and identification of the coverage each insurer will provide; (2) the name, primary contact name, street address, city, state, and zip code of the administrator of the consolidated insurance program; (3) a copy of each form, including enrollment forms, claim forms, and payroll forms, that a contractor may be required to submit to the principal, administrator, or insurer; (4) the number, frequency, and subject matter of any payroll reports or payroll audits of the contractor required by the insurer, administrator, or principal; (5) the scope and limits of coverage for each insurance policy under the consolidated insurance program, including: (A) an accurate specimen policy that contains full and complete declarations, insuring agreements, policy conditions, limitations, coverages, and endorsements; and (B) a summary explanation for each endorsement; and (6) the scope of coverage and limits for each policy of excess insurance covering the consolidated insurance program, including: (A) a statement that the excess policy will have the same terms, conditions, and coverages as the primary policy, with any material exceptions listed; and (B) a summary explanation for each endorsement.

Sec. 151.155. FORMULA FOR INSURANCE CREDITS. (a) The disclosure required under Section 151.151 must include the formula to be used by a contractor in computing any insurance credits. (b) The formula must include: (1) the discounts, credits, and rate variances used by the contractor; (2) examples of credit computations; (3) a method to incorporate any scheduled credits, premium discounts, or other items of credit or discount that apply specifically to the contractor; and (4) a specific explanation of how any premium increase or decrease resulting from payroll overruns or underruns will be applied. (c) A principal may not require an insurance credit of a contractor for coverage provided under the consolidated insurance program for flat rate excess liability coverage separately maintained by the contractor.

[Sections 151.156-151.200 reserved for expansion]

SUBCHAPTER E. PROGRAM ADMINISTRATION

Sec. 151.201. ADMINISTRATOR. Each principal shall appoint a qualified administrator for the consolidated insurance program whose only duty is administration of the program.

Sec. 151.202. POWERS AND DUTIES OF ADMINISTRATOR. (a) An administrator shall comply in a timely manner with the requirements of this section. (b) The administrator shall administer the enrollment of all contractors covered by the consolidated insurance program as necessary to ensure prompt coverage, effective on the date that the contractor begins work on the construction project. (c) The administrator shall: (1) maintain a current consolidated insurance program manual that contains a detailed description of the consolidated insurance program; (2) provide all contractors with a current copy of the manual that is consistent with the insurance provided and the scope of the program: (A) on the date of the contractor's enrollment in the program; and (B) not later than the seventh day after any changes are made to the manual; and (3) provide each contractor on the date of the contractor's enrollment in the program with a certificate that evidences the contractor's coverage under the program. (d) In addition to the certificate provided under Subsection (c)(3), the administrator shall obtain from the insurer or a licensed agent of the insurer and deliver a certificate of insurance on behalf of a contractor to evidence the coverages and limits provided by the consolidated insurance program not later than the fifth day after receipt of a request from a contractor. (e) If the insurer has issued insurance policies, the administrator shall ensure that each contractor receives insurance policies, or renewal certificates for previously issued policies, for all coverages provided by the consolidated insurance program not later than the earlier of: (1) the 30th day after the date the contractor is enrolled in the program; or (2) the date the contractor begins work on the project. (f) The administrator shall coordinate: (1) any regular reporting required of the contractors and any audits required of the contractors; (2) all meetings with the insurer, whether with the principal, the contractors, or other parties; and (3) availability and communication between contractors and any on-site medical facilities. (g) The administrator shall establish and disseminate to contractors: (1) clear procedures for proper filing of claims; and (2) required loss-control

procedures. (h) The administrator shall ensure that: (1) all insurance coverages provided by the consolidated insurance program are maintained; and (2) all contractors are notified in writing promptly of any changes or cancellation in coverages provided by the consolidated insurance program. (i) The administrator shall monitor the financial standing of the insurer as provided by Section 151.059 and shall provide written notice to the principal and all contractors of any significant negative change not later than the 10th day after the date of the negative change. (j) The administrator shall prepare and present to a contractor on at least a bimonthly basis any required payroll reports, claim reviews, and loss-control reviews that relate to that contractor. (k) The administrator shall provide oversight and coordinate the filing of claims for the principal and any affected contractor until the construction project is completed and the operation of the consolidated insurance program and the administration of that program is closed. (l) Before the date on which the operation of the consolidated insurance program and administration of the program is closed, the administrator shall provide to the principal and each contractor a written notice that contains the contact person's name, company name, mailing address, telephone number, facsimile number, electronic mail address, and any other necessary contact information, of the person and company responsible for any closed, open, or future claims under the coverages provided by the consolidated insurance program.

Sec. 151.203. FIDUCIARY DUTY OF ADMINISTRATOR. For purposes of this chapter and insurance benefits under the consolidated insurance program, the administrator owes a fiduciary duty to each contractor that participates in the program.

Sec. 151.204. ERRORS AND OMISSIONS COVERAGE REQUIRED. The administrator shall maintain errors and omissions insurance coverage in the minimum amount of \$5 million per occurrence for any liability of the administrator under this chapter.

[Sections 151.205-151.250 reserved for expansion]

SUBCHAPTER F. ENFORCEMENT PROVISIONS

Sec. 151.251. GENERAL ENFORCEMENT; ADMINISTRATIVE PENALTIES. (a) The commissioner may impose a sanction under Chapter 82, issue a cease and desist order under Chapter 83, or assess an administrative penalty under Chapter 84, on any person regulated by the department who violates this chapter or a rule or order adopted by the commissioner under this chapter. (b) An administrative penalty assessed under this chapter may not exceed \$30,000 for each day and for each violation.

[Sections 151.252-151.300 reserved for expansion]

SUBCHAPTER G. CIVIL LIABILITY

Sec. 151.301. CIVIL LIABILITY FOR VIOLATION OF CHAPTER. (a) A contractor who is harmed by a violation of this chapter may bring a suit or pursue other remedies against the violating party for civil damages resulting from the violation, plus reasonable attorney's fees. (b) Venue for a suit brought under this section is in the county in which the construction project is located.

SECTION 2. Chapter 151, Insurance Code, as added by this Act, applies only to a consolidated insurance program for a construction project that begins on or after January 1, 2008. A consolidated insurance program for a construction project that begins before January 1, 2008, is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 2014 makes several changes to the original house bill. First the "relating to" part of the original house bill has been amended by C.S.H.B. 2014 by adding the phrase "providing penalties".

Also, in SECTION 1, C.S.H.B. 2014 amends the original house bill by changing the language found in Section 151.001(2), concerning the definition of "Consolidated insurance program". The definition of "Consolidated insurance program", as found in C.S.H.B. 2014, is now defined as a program under which a principal, for a contractor or contractors on a construction project, provides general liability insurance coverage, workers' compensation insurance coverage, or both that are incorporated into an insurance program for a single construction project or multiple projects.

Also, C.S.H.B. 2014 adds to and changes the language found in Section 151.001(5)(D) of the original house bill which discusses the definition of a contractor. Section 151.001(5)(D) now states, that included in the definition of contractor, any other person who has signed a construction contract covered under the consolidated insurance program, including a client company of a staff leasing services company, as defined by Chapter 91, Labor Code. Also, the phrase "or to a contractor by another contractor" is added to the original house bill by the substitute in SECTION 1 Section 151.001(6) which defines "Insurance credit". C.S.H.B. 2014 also adds the definition of "Insurer" to the original house bill in SECTION 1 Section 151.001(7).

C.S.H.B. 2014 also removes the word "contract" in throughout the original house bill, particularly in several sections, such as in Section 151.002, Section 151.051, Section 151.052, etc. Also, in Section 151.002(b), the phrase "general liability insurance policy", as found in C.S.H.B. 2014, replaces the phrase "the insurance contract or policy" as found in the original house bill. C.S.H.B. 2014 also amends the original house bill by adding a definition of "Rolling Consolidated Insurance Program" in SECTION 1 Section 151.003 as found in the substitute.

The substitute also shortens the language found in the "Rules" section of the original house bill. The phrase "and to provide for the protection of policyholders, insureds, and workers under a consolidated insurance program" is deleted in C.S.H.B. 2014.

Next, C.S.H.B. 2014 adds to the language found in Section 151.051 of the original house bill. Section 151.051(2)(A)(B) now states "comply with: commissioner rules and all statutory requirements; and the requirements adopted under this chapter", as opposed to the language in the original house bill, Section 151.051(2), which simply stated "comply with the requirements adopted under this chapter."

Also, C.S.H.B. 2014 amends Section 151.052 of the original house bill. The phrase "of the general type of insurance that is provided under the policy or contract" as found in the original house bill, is replaced with "of the type of insurance that is provided under policy" as found in C.S.H.B. 2014.

Next, C.S.H.B. 2014 amends the language found in Section 151.052(b) of the original house bill. Whereas the original house bill stated that "This chapter may not be interpreted to prevent a contractor from obtaining, and charging the cost of to the principal, any insurance coverage not provided by the consolidated insurance program to protect the contractor and the construction project", C.S.H.B. 2014 now states that "This chapter or a contract requirement may not be interpreted to prevent a contractor from obtaining any insurance coverage not provided by the consolidated insurance program to protect the contractor and the construction project."

Next, C.S.H.B. 2014 amends the language found in Subsection (a) of Section 151.053 of the original house bill. Whereas the original house bill stated "Except as provided by Subsection (b), after the execution of a construction contract by the principal, the operations or coverages under the consolidated insurance program may not be materially changed, nonrenewed, or canceled without written notice provided to the principal and all contractors. The notice required under this subsection must be provided not later than the 60th day before the effective date of the material change, nonrenewal, or cancellation", C.S.H.B. 2014 now states "Except as provided by Subsection (b), after the execution of a construction contract by the principal, the coverages or

limits under the consolidated insurance program may not be reduced, nonrenewed, or canceled without written notice provided to the principal and all contractors. The notice required under this subsection must be provided by the insurer or administrator not later than the 60th day before the effective date of the reduction, nonrenewal, or cancellation. "

A section, Section 151.054, found in the original house bill entitled "Rights of Contractor" is not included in C.S.H.B. 2014. Thus, some of the sections as found in the original house bill have been renumbered in the substitute.

Section 151.055, as found in the original house bill, is now Section 151.054 of the substitute. The heading of the section is also amended by the substitute, which deletes some of the language. Whereas the original house bill read "Coverage of Contractors; Effect of Separate Coverage", C.S.H.B. 2014 now simply reads "Coverage of Contractors". Also, some of the language in the section is amended by the substitute. The original house bill stated that "(a) Each contractor on a construction project covered by a consolidated insurance program must: (1) be listed as an additional named insured on each insurance policy and contract under the program; and (2) have equal rights under the policy or contract with the principal and other contractors, subject to industry standard differences between a first-named insured and a named insured. (b) Subsection (a) does not apply to a policy or contract that is issued individually in the name of the contractor as the first-named insured under a consolidated insurance program. (c) The principal or a contractor may not require a contractor to obtain an additional insured endorsement on the contractor's separately maintained insurance contract or policy that is of the same general type as the insurance coverage provided by the consolidated insurance program other than an insurance policy or contract covering offsite work for ongoing operations that is related to the project and that is not covered by the consolidated insurance program. (d) The coverages under the consolidated insurance program must be primary and noncontributory to any insurance policy or contract separately maintained by a contractor covered by the consolidated insurance program that is of the same general type as the insurance coverages provided by the consolidated insurance program" whereas C.S.H.B. 2014 says that "Each contractor on a construction project covered by a CIP must be listed as a named insured on each general liability insurance policy under the program and have equal rights under the general liability insurance policy with the principal and other contractors, subject to insurance industry standard differences between a first-named insured and a name insured. (b) Subsection (a) does not apply to a policy that is issued individually in the name of the contractor as the first-named insured under a CIP. (c) The principal or contractor may not require a contractor to obtain an additional insured endorsement on the contractor's separately maintained insurance policy that is of the same general type as the insurance coverage provided by the CIP other than an insurance policy covering off-site work for ongoing operations that is related to the project and that not covered by the CIP. (d) The CIP coverages must be primary and noncontributory to any insurance policy separately maintained by a contractor covered by the CIP that is of the same general type as the insurance coverages provided by the CIP. "

Next, C.S.H.B. 2014 adds a new subsection to SECTION 1 Section 151.055, which is actually SECTION 1 Section 151.056 of the original house bill. Subsection (b), as added by C.S.H.B. 2014, states that "Failure by a principal to maintain the structure, management, or insurance coverage, or to reinstate the limits of liability if the limits are fully expended in a policy year, constitutes a material breach of all construction contracts and subcontracts being performed under the consolidated insurance program. For purposes of this subsection, the determination of when limits of liability are fully expended shall be based on incurred losses and expenses." The language found in this subsection was not in the original house bill. Also, Subsection (c) of the original house bill is amended by this substitute. Whereas Subsection (c) of the original house bill stated that "For purposes of this section, noncompliance by a principal includes material or significant matters and does not include inadvertent errors that are not repeated in a way that would cause a reasonable person to believe they are habitual or premeditated. Dates set as deadlines in this chapter shall be construed as material matters", C.S.H.B. 2014 now states, in Subsection (d) that "For purposes for this section, noncompliance by a principal does not include substantial compliance by a principal with the requirements of this chapter such that the lack of full compliance does not violate the purpose and intent of this chapter and no person is harmed from failure to obtain full compliance."

C.S.H.B. 2014 in SECTION 1 Section 151.056 (Section 151.057 of the original house bill), adds "general liability" to Subsection (b). Next, in SECTION 1 Section 151.057 of C.S.H.B. 2014 (Section 151.058 of the original house bill), the phrase "the construction project" as found in the original house bill, is replaced with "a contractor under the consolidated insurance program". In Section 151.058 of C.S.H.B. 2014, "Section 16.009, Civil Practice and Remedies Code" replaces "Chapter 16, Civil Practice and Remedies Code" as found in the original house bill (in Section 151.059).

Next, C.S.H.B. 2014 adds Subsection (c) to SECTION 1 Section 151.058. The exact wording found in this subsection was not found in the original house bill. Also, C.S.H.B. 2014 changes some of the language in SECTION 1 Section 151.059 (which is Section 151.060 of the original house bill). "Class XIII" as found in the original house bill is changed to "Class XI" as found in the substitute. Also, Subsection (b) now reads that "Insurance policies providing coverage under the consolidated insurance program shall be delivered to the first-named insured not later than the 60th day after the date on which the coverage takes effect" whereas the original house bill stated that "Insurance policies or contracts providing coverage under the consolidated insurance program shall be issued to the first-named insured not later than the 30th day after the date on which coverage has been bound or otherwise agreed to by the insurer".

C.S.H.B. 2014 deletes the section titled "Indemnification" as found in SECTION 1 Section 151.061 the original house bill. Next, C.S.H.B. 2014 amends and changes the language found in SECTION 1 Section 151.062(b) of the original house bill (now Section 151.060(b) of the committee substitute). Subsection (b) now states " Defense costs for a contractor under Subsection (a) may not be included in the limit of liability of an insurance policy under the consolidated insurance program if the defense costs for the principal are not included in the limit of liability" whereas the original house bill stated that " A contractor covered by a consolidated insurance program has standing in any hearing or proceeding involving a workers' compensation or liability claim, including any claim adjustment and settlement negotiations, if that coverage is part of the consolidated insurance program. The contractor is entitled to representation at the hearing or proceeding by: (1) an employee or agent of the contractor; and (2) on the contractor's request, legal counsel covered by the consolidated insurance program".

Section 151.063 of the original house bill (which is Section 151.061 of C.S.H.B. 2014) is amended by the substitute by changing the phrase "a principal shall pay" as found in the original house bill to "a principal is solely liable for" as found in the substitute. Also, the language found in Subsection (b) of the original house bill is heavily amended by the substitute and now states " If a contractor covered by the consolidated insurance program is the cause of a property damage accident for which insurance is provided under the consolidated insurance program, the contractor shall reimburse the principal for any deductible amount for which the principal is responsible under Subsection (a). The deductible amount for which the contractor is responsible under this subsection may not exceed the lesser of: (1) the amount of the contractor's deductible for the same general type of insurance coverage separately maintained by the contractor; or (2) \$5,000" whereas the original house bill stated that " A principal may charge a contractor a small, reasonable deductible for a property damage loss that is caused by the contractor's direct negligence and is covered by the general liability contract or policy of the consolidated insurance program if the deductible amount and purpose are included in the disclosure made at bid solicitation. The purpose of the deductible is to encourage safe operations by the contractor. The deductible must be in proportion to the size and severity of the loss, not to exceed \$5,000".

Next, C.S.H.B. 2014 amends Section 151.064 of the original house bill, which is now Section 151.062 of the substitute. Whereas the original language said that " If any premiums for coverage under a consolidated insurance program on a single or multiple construction project are assessed to a contractor, the contractor's most recent experience modifier, as of the date on which the construction project begins, must be used in the computation of the premium to be assessed to the contractor. The premium shall be adjusted annually to reflect any change in the contractor's experience modifier" the substitute now states that " If any premiums for coverage subject to experience modification under a consolidated insurance program on a single or multiple construction project are assessed to a contractor, the contractor's most recent experience modifier, as of the date on which the contractor submitted the contractor's price proposal, must be used in the computation of the premium to be assessed to the contractor for the duration of the construction project".

C.S.H.B. 2014 80(R)

C.S.H.B. 2014 also amends the original house bill by switching the order of the sections titled "Audit Requirements" and "Data Reports for Workers' Compensation" with the latter now appearing first in the committee substitute. Also, the substitute amends the language of both sections as found in the original house bill. Whereas the section entitled "Data Reports for Workers' Compensation" in the original house bill stated that "(a) The administrator shall report at least quarterly the loss and payroll data that relates to a contractor in detail to the contractor who is the subject of the report. (b) The initial report under Subsection (a) must be sent not later than the 30th day after the last day of the calendar quarter on which work begins on the construction project, with subsequent quarterly reports sent not later than the 15th day of the month following the quarter covered by the report. (c) The insurer shall report to the appropriate rating bureau annually, not later than the 60th day after the ending date of the experience rating period of a contractor who is the subject of the report, the loss and payroll data that relates to the contractor, with a final report not later than the 60th day after the completion date of the construction project. (d) A report under Subsection (c) must include data that has been corrected after the investigation of any discrepancies reported by a contractor. (e) On receipt of written notice of any erroneous information submitted to a rating bureau, the insurer shall notify the rating bureau of the correct information not later than the 30th day after the date on which the written notice is received by the insurer. (f) The completion date under Subsection (b), (c), or (e) must be extended by one day for each day the contractor who is the subject of the report delays completion of any necessary audit by failing to provide the auditor with access to the contractor's records after the contractor has received written notice from the administrator, insurer, or auditor stating the date the audit is to be conducted", the substitute now states that "(a) The administrator shall report at least bimonthly the loss and payroll data that relates to a contractor in detail to the contractor who is the subject of the report. (b) The initial report under Subsection (a) must be sent not later than the 15th day of the second month after the date on which the contractor begins work on the construction project that requires payroll reports, with subsequent bimonthly reports sent not later than the 15th day of the second month after a month in which the contractor performed work covered by the consolidated insurance program. (c) The administrator shall send to each contractor annually a written compilation of all payroll and loss information attributable to the contractor who is the subject of the report. The report must be sent not later than the 120th day after the expiration date of the workers' compensation policy. (d) The contractor who is the subject of the report under Subsection (c) shall send a written notice of any discrepancies in the payroll or loss information to the administrator not later than the 30th day after the date on which the contractor receives the report. (e) The administrator shall resolve any discrepancies reported under Subsection (d) not later than the 30th day after the date of receipt of the contractor's report of discrepancies under Subsection (d), and shall report the correct information to the contractor and to the insurer. (f) If the contractor who is the subject of the report is the sole source of the information required for compilation of the report, the deadlines under Subsection (b), (c), or (e) shall be extended by one day for each day the contractor who is the subject of the report delays providing the necessary information".

Also, in the section titled "Audit Requirements" the substitute states " (a) Except as provided by Subsection (b), any required audit of a contractor covered by a consolidated insurance program who is subject to a premium charge or deduction for the coverage must be completed not later than the 90th day after the date on which the contractor completes the contractor's work on the construction project. (b) The audit completion date under Subsection (a) shall be extended by one day for each day the contractor subject to the audit delays completion of a necessary audit by failing to provide the auditor with access to the contractor's records after the contractor has received written notice from the administrator, insurer, or auditor stating the date on which the audit is to be conducted. (c) In complying with this section, the insurer shall comply with the commissioner's rules relating to: (1) the statistical plan for workers' compensation; and (2) the reporting requirements established under the statistical plan", whereas the original house bill stated that "(a) Except as provided by Subsection (b), any required audit of a contractor covered by a consolidated insurance program who is subject to a premium charge for the coverage must be completed not later than the 60th day after the date on which the contractor completes the work performed by the contractor on the construction project. (b) The audit completion date under Subsection (a) must be extended by one day for each day the contractor subject to the audit delays completion of the audit by failing to provide the auditor with access to the contractor's records after the contractor has received written notice from the administrator, insurer, or auditor stating the date on which the audit is to be conducted".

Next, C.S.H.B. 2014 adds a section, Section 151.065, entitled "Limited Exception to Rating Standards" to the original house bill. Also, C.S.H.B. 2014 amends the language found in Section 151.101 of the original house bill. The substitute adds "general liability" to the original house bill and the phrase "the duration", as found in the substitute, replaces the phrase "the term" in the original house bill.

C.S.H.B. 2014 adds "general liability" to the language found in Subsections (a), (b), and (c) in Section 151.102 of the original house bill. Also, C.S.H.B. 2014 adds Subsections (d) and (e) to Section 151.102 of the original house bill. C.S.H.B. 2014 adds the term "limit" to Section 151.103 of the original house bill.

Next, C.S.H.B. 2014 amends Section 151.104 as found in the original house bill. Whereas the original bill stated "(a) The insurer shall notify all contractors in writing not later than the 10th day after the date the total monetary limit of liability coverage for any type of coverage issued under the consolidated insurance program is reduced by: (1) 50 percent; and (2) each additional 10 percentage point reduction after the initial 50 percent reduction. (b) The reduction in monetary limit under Subsection (a) shall be computed based on incurred losses and expenses. (c) The notice under Subsection (a) must describe: (1) the initial monetary limit of liability coverage; and (2) the monetary limit of liability coverage that remains as of the notice date. (d) For limits on coverages that have been extended by other policies, the notice under Subsection (a) is required only if the combined monetary limit of all policies providing the coverage has been reached. (e) The monetary limit of liability may not be reduced if the insurer fails to comply with Subsection (a)", the substitute now states that "(a) The insurer, or the administrator on the insurer's behalf, shall notify all contractors in writing not later than the 10th day after the date the total limit of coverage for any type of liability coverage issued under the consolidated insurance program is reduced by: (1) 50 percent; and (2) each additional 10 percentage point reduction after the initial 50 percent reduction. (b) The reduction in the limit under Subsection (a) shall be computed based on incurred losses and expenses. (c) The notice under Subsection (a) must describe: (1) the initial limit of liability coverage; and (2) the limit of liability coverage that remains as of the notice date. (d) If the limits of a policy have been expended, triggering the limits of another policy, the notice under Subsection (a) is required only if the combined limit of all policies providing the coverage has been reached. (e) The limit of liability may not be reduced if the insurer fails to comply with Subsection (a)".

C.S.H.B. 2014 also amends Section 151.152 of the original house bill. Whereas the original house bill stated " Each disclosure made under Section 151.151 must include: (1) the scope of coverage and limits for each insurance policy or contract under the consolidated insurance program, including an accurate specimen copy of full and complete declarations, policy conditions, limitations, coverages, and endorsements; (2) the scope of coverage and limits for each policy or contract of excess insurance covering the consolidated insurance program, including a statement that the excess policy or contract will follow form as to the primary policy or contract with any material exceptions listed; and (3) a complete description of the safety program required by Subchapter E" the substitute now states "Each disclosure made under Section 151.151 must include information sufficient to reasonably describe the insurance coverage and limits that will be provided under the consolidated insurance program and the program operation such that a bidder is able to compare the bidder's own insurance program with the coverages, limits, and operation program provided under the consolidated insurance program. (b) The disclosure under Subsection (a) is not required to be as detailed as the disclosure required under Section 151.153".

Next, C.S.H.B. 2014 amends Section 151.153 of the original house bill. Whereas Subsection (a) of the substitute is the same as the original house bill, the language in both Subsection (b) and Subsection (c) has been amended by the substitute. Subsection (b) now states that "Not later than the 14th day before the date on which a principal or contractor executes a contract for a construction project covered by a consolidated insurance program, the principal or contractor that solicited the bid must make a written disclosure to the contractor that contains detailed information concerning the consolidated insurance program" whereas the original bill stated that "A contractor who submits a price proposal for work on a construction project under a consolidated insurance program is entitled to written notification from the principal or contractor of any material change in the consolidated insurance program not later than the 10th day before

the date on which the contractor executes the contract for work on the construction project". Also, Subsection (c) of the original house bill stated that " (c) After receipt of notice of any adverse material change under Subsection (b), a contractor may, without recourse or liability for damage to any person: (1) withdraw the contractor's price proposal for work on the construction project; or (2) modify the price for the insurance component of the proposal for work on the construction project", the committee substitute states "(c) After receipt of the written disclosure required under Subsection (b), if the disclosure contains any adverse material change from the disclosure made under Section 151.151, a contractor may, without recourse or liability for damage to any person: (1) withdraw the contractor's price proposal for work on the construction project; or (2) modify the price for the insurance component of the proposal for work on the construction project". Subsection (d), as found in the original bill, is deleted in the substitute.

Next, C.S.H.B. 2014 deletes the exact language found in (2), (3) and (7) as found in Section 151.154 of the original house bill. The substitute also changes the language found in (6) of Section 151.154 of the original house bill. Whereas (6) in the original house bill stated "the number, frequency, and subject matter of any audits of the contractor required by the insurer, administrator, or principal; and" the substitute, in (4) of Section 151.154, states "the number, frequency, and subject matter of any payroll reports or payroll audits of the contractor required by the insurer, administrator or principal".

The substitute also adds the following exact language to the original house bill in Section 151.154: "(5) the scope and limits of coverage for each insurance policy under the consolidated insurance program, including: (A) an accurate specimen policy that contains full and complete declarations, insuring agreements, policy conditions, limitations, coverages, and endorsements; and (B) a summary explanation for each endorsement; and (6) the scope of coverage and limits for each policy of excess insurance covering the consolidated insurance program, including: (A) a statement that the excess policy will have the same terms, conditions, and coverages as the primary policy, with any material exceptions listed; and (B) a summary explanation for each endorsement".

C.S.H.B. 2014 adds (4) to Section 151.155 of the original house bill. Also, "for flat rate excess liability coverage separately maintained by the contractor" as found in committee substitute, replaces "that is of the same type as flat rate coverages maintained by the contractor" as found in the original house bill in Section 151.155.

The section, Section 151.156 as found in the original house bill, titled "Contract Award; Basis" is deleted in the substitute. Also, C.S.H.B. 2014 deletes the exact language found in SECTION 1, Subchapter E titled "Safety Program and Injured Workers" of the original house bill. Thus, the language found in Subchapter F. of the original house bill, is now found in Subchapter E. of the substitute.

C.S.H.B. 2014 deletes Subsections (b) and (c) under the section titled "Administrator" as found in the original house bill.

Next, C.S.H.B. 2014 changes the language found in the original house bill under the section entitled "Powers and Duties of Administration". Whereas the original house bill stated that " (a) For purposes of this chapter, each contractor covered under the consolidated insurance program is considered a client of the administrator. An administrator shall comply in a timely manner with the requirements of this section. (b) The administrator shall administer the enrollment of all contractors covered by the consolidated insurance program as necessary to ensure immediate coverage. (c) The administrator shall: (1) maintain a current consolidated insurance program manual that contains a detailed description of the consolidated insurance program; and (2) provide all contractors with a current copy of the manual: (A) on the date of the contractor's enrollment in the program; and (B) not later than the seventh day after any updates are made to the manual. (d) The administrator shall issue a certificate of insurance on behalf of a contractor to represent the coverages and limits provided by the consolidated insurance program not later than the fifth day after receipt of a request from a contractor. (e) If the insurer has issued insurance policies or contracts, the administrator shall ensure that each contractor receives insurance policies or contracts, or renewal certificates for previously issued policies or contracts, for all coverages provided by the consolidated insurance program not later than the earlier of: (1) the 30th day after the date the contractor is enrolled in the program; or (2) the date the

contractor begins work on the project. (f) The administrator shall coordinate: (1) any regular reporting required of the contractors and any audits required of the contractors; (2) all meetings with the insurer, whether with the principal, the contractors, or other parties; and (3) availability and communication between contractors and any on-site medical facilities. (g) The administrator shall maintain an organized paper and electronic file system that is available for immediate access. (h) The administrator shall establish and disseminate to contractors: (1) clear procedures for proper filing of claims; and (2) required loss-control procedures. (i) The administrator shall ensure that: (1) all insurance coverages provided by the consolidated insurance program are maintained; and (2) all contractors are notified in writing promptly of any changes or cancellation in coverages provided by the consolidated insurance program. (j) The administrator shall monitor the financial standing of the insurer as provided by Section 151.060 and shall provide written notice to the principal and all contractors of any significant negative change not later than the 10th day after the date of the negative change. (k) The administrator shall prepare and present to the principal on at least a monthly basis any required payroll reports, claim reviews, and loss-control reviews. (l) The administrator shall provide oversight and management of claims for the principal and any affected contractor until all claims are closed", the substitute now states "(a) An administrator shall comply in a timely manner with the requirements of this section. (b) The administrator shall administer the enrollment of all contractors covered by the consolidated insurance program as necessary to ensure prompt coverage, effective on the date that the contractor begins work on the construction project. (c) The administrator shall: (1) maintain a current consolidated insurance program manual that contains a detailed description of the consolidated insurance program; (2) provide all contractors with a current copy of the manual that is consistent with the insurance provided and the scope of the program: (A) on the date of the contractor's enrollment in the program; and (B) not later than the seventh day after any changes are made to the manual; and (3) provide each contractor on the date of the contractor's enrollment in the program with a certificate that evidences the contractor's coverage under the program. (d) In addition to the certificate provided under Subsection (c)(3), the administrator shall obtain from the insurer or a licensed agent of the insurer and deliver a certificate of insurance on behalf of a contractor to evidence the coverages and limits provided by the consolidated insurance program not later than the fifth day after receipt of a request from a contractor. (e) If the insurer has issued insurance policies, the administrator shall ensure that each contractor receives insurance policies, or renewal certificates for previously issued policies, for all coverages provided by the consolidated insurance program not later than the earlier of: (1) the 30th day after the date the contractor is enrolled in the program; or (2) the date the contractor begins work on the project. (f) The administrator shall coordinate: (1) any regular reporting required of the contractors and any audits required of the contractors; (2) all meetings with the insurer, whether with the principal, the contractors, or other parties; and (3) availability and communication between contractors and any on-site medical facilities. (g) The administrator shall establish and disseminate to contractors: (1) clear procedures for proper filing of claims; and (2) required loss-control procedures. (h) The administrator shall ensure that: (1) all insurance coverages provided by the consolidated insurance program are maintained; and (2) all contractors are notified in writing promptly of any changes or cancellation in coverages provided by the consolidated insurance program. (i) The administrator shall monitor the financial standing of the insurer as provided by Section 151.059 and shall provide written notice to the principal and all contractors of any significant negative change not later than the 10th day after the date of the negative change. (j) The administrator shall prepare and present to a contractor on at least a bimonthly basis any required payroll reports, claim reviews, and loss-control reviews that relate to that contractor. (k) The administrator shall provide oversight and coordinate the filing of claims for the principal and any affected contractor until the construction project is completed and the operation of the consolidated insurance program and the administration of that program is closed. (l) Before the date on which the operation of the consolidated insurance program and administration of the program is closed, the administrator shall provide to the principal and each contractor a written notice that contains the contact person's name, company name, mailing address, telephone number, facsimile number, electronic mail address, and any other necessary contact information, of the person and company responsible for any closed, open, or future claims under the coverages provided by the consolidated insurance program".

Finally, the section titled "Contractor as Beneficiary" as found in the original house bill is deleted in C.S.H.B. 2014. However, sections titled "Fiduciary Duty of Administrators", Errors and Omissions Coverage Required" are added to the original house by the substitute. The

substitute in SECTION 1 also adds subchapters titled "Enforcement Provisions" and "Civil Liability" to the original house bill.

SECTION 2 and SECTION 3 remain the same in both the original house bill and in the substitute.