Department of Planning and Budget
2006 Fiscal Impact Statement

1. **Bill Number** SB271

   House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. **Patron** Whipple

3. **Committee** Passed Both Houses

4. **Title** Virginia Public Procurement Act; purchase of certain insurance in construction projects.

5. **Summary/Purpose:** Allows a public body to purchase, at its own expense, an owner-controlled insurance program in connection with any public construction contract meeting defined criteria. The public body must include notice of its intent to use an owner-controlled insurance program, and specific coverages, in any request for proposal. The bill prohibits a public body from requiring that a contractor for architecture or professional engineering services participate in such a program, except to the extent that the public body may elect to secure excess coverage. The bill defines owner-controlled insurance program and provides that no contractor or subcontractor can be required to provide insurance coverage for a construction project if that specified coverage is included in an owner-controlled insurance program in which the contractor or subcontractor is enrolled.

6. **No Fiscal Impact.** See item 8, below.

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** The bill would only have an impact on the Commonwealth should it elect to provide owner-controlled insurance programs for construction projects. The Commonwealth currently offers no such program.

9. **Specific agency or political subdivisions affected:** Department of the Treasury.

10. **Technical amendment necessary:** No.

11. **Other comments:** In August 2004, at the request of the Department of the Treasury, Marsh & McLennan Companies performed a feasibility study of establishing an owner controlled insurance program in the Commonwealth.

    This bill is a companion to HB 994.

Date: 03/07/06/tmw
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cc: Secretary of Finance