

# Sponsor Statement

## CS HB 151(JUD)am

**“An Act relating to claims and court actions for defects in the design, construction, and remodeling of certain dwellings; limiting when certain court actions may be brought; and amending Rules 79 and 82, Alaska Rules of Civil Procedure.”**

CS [HB 151](#)(JUD)am will assist construction professionals and homeowners in resolving construction defect issues quickly and effectively, before needless litigation ensues.

CS HB 151(JUD)am establishes a formal process for a homeowner to notify a construction professional of construction defects prior to filing a lawsuit. CS HB 151(JUD)am establishes a time frame for the construction professional to address the defect. The homeowner’s right to sue remains intact if they’re not satisfied with the construction professional’s efforts to repair the defect or settle by payment of money.

There are several consequences that homebuyers and construction professionals face without a timely process in place. Builders in nearly every state in the country are reporting enormous increases in general liability insurance premiums, as a result of exorbitant judgments that builders and their insurance companies are required to satisfy. Many providers of construction industry general liability insurance have chosen to stop providing this insurance to builders. Where insurance is available, it is often at significantly higher premiums and reduced levels of coverage.

Lengthy and expensive litigation significantly delays the repair of legitimate problems, decreases the value of homes stigmatized by litigation, and creates difficulties in refinancing or selling homes. Also, new home prices rise due to the increased insurance premiums on homebuilders and contractors.

The bottom line is that lawsuits would be a last resort, not the only way to resolve a problem. CS HB 151(JUD)am puts into place a very simple and logical process for homeowners and construction professionals to follow. Both parties’ interests would be guarded to ensure that timely repair occurred and not frivolous lawsuits.