

WACA ALERT

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SB 465 Follow Up - Does a Contractor's History of Legal Settlements in California Indicate Poor Workmanship?

Should every legal settlement, arbitration and judgement that your company has been involved in be publicly posted online by the Contractors State Licensing Board (CSLB)? This is the public policy question being asked after the Berkeley balcony collapse tragedy in 2015. It was later revealed that the contractor who built the apartment building in question had a prior history of being involved in multiple construction defect settlements. The California Legislature has tasked the CSLB to determine if this information could be used to better protect consumers in the future if it were to be made publicly available online for every contractor in the state. You may remember SB 465 from the 2016 legislative session. That measure originally would have required reporting of all settlements, arbitrations and judgments to the CSLB. The measure was amended to a study bill at our request.

The survey below is intended to help CSLB establish if this information is helpful in their consumer protection directive. On your behalf, we have previously testified that this potential "metric" **is not a good** indicator of contractor competence or responsibility. Here's why:

- **Everybody Gets Sued in Construction Defect Claims** -- Construction defect claims often include every contractor on a job regardless of their involvement in the disputed work. Lawyers' hunt for deep pockets - \$\$\$ is a big reason; and
- **Insurance Companies Compel Settlements Regardless of a Contractor's Innocence** -- Insurance companies often encourage settlement regardless of a contractor's work being in question due to the excessive cost of litigation in California. "Get out early, get out cheaper" is the mantra;
- **Settlements Do Not = "BAD CONTRACTOR"** – Due to the litigious nature of lawyers in California, there is not necessarily a linkage between the number of legal actions a contractor has been involved in and the competence or responsibility of that contractor. It may mean nothing more than that contractor has performed a lot of work in California.

If you are concerned about the prospect of having to divulge all your company's litigation history to the CSLB and this information being publicly posted online, please take a moment to respond to the CSLB questionnaire below. All responses are anonymous.



Your voice is important to CSLB!

Today, we're asking for your input on a significant issue.

We are in the process of putting together a report for the state Legislature under [Senate Bill 465 \(Hill\)](#). The report will look at whether CSLB's consumer protection mission would benefit by requiring licensed contractors to report specific court judgments, arbitration awards, and settlements.

We're asking that you please give us five minutes or so of your time to complete a survey which will be an important component of the report.

Your answers are completely anonymous. You will not receive any further contact from CSLB or any other party based upon your taking this survey.

Please take the survey that best applies to your situation:

[I am a Licensed Contractor](#)

[I used to be a Licensed Contractor](#)

[I am a Consumer](#)

[I work for an Insurance Company](#)