

CONTRACTORS STATE LICENSE BOARD
DRAFT ORIGINALLY PROPOSED LANGUAGE

California Code of Regulations (CCR)
Title 16, Division 8

Article 5. Renewal of License

Amend Section 853 as follows:

§853. Renewal Application Form.

(a) The Registrar shall mail to each licensee, prior to the expiration of the license, a renewal form with complete instructions for renewal of the license.

(b) A renewal application ~~is delinquent if not postmarked by~~ and fee must be postmarked or hand-delivered to the Board's headquarters office on or before the expiration date of the license. Failure to comply with the requirements of this subsection shall result in the renewal application being deemed delinquent.

(c) An incomplete renewal application shall be returned to the licensee by the Registrar with an explanation of the reasons for its rejection. ~~If the~~ The licensee shall resubmit the renewal application to the Board postmarked or by hand-delivery to the Board's headquarters office ~~is not returned on or~~ before the expiration date of the license, ~~the license shall expire~~ Failure to comply with this subsection shall result in the expiration of the license as provided in Section 7140 of the Code.

(d) An expired license shall not be renewed until any accrued delinquency fee has been paid.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7137 and 7140, Business and Professions Code.

Article 6. Bonds

Amend Section 858.1 as follows:

§858.1. Blanket Performance and Payment Bond Requirements

(a) A blanket bond that is filed on behalf of a licensee to satisfy the provisions of Section 858 shall be underwritten for a dollar amount that is sufficient to cover one-hundred percent (100%) of the home improvement contracts for which the licensee has an obligation.

(b) Upon written request by a licensee, the Registrar is authorized to approve a blanket bond that is capped according to the schedule listed under subsection (c) provided the following conditions are met:

(1) The licensee, or the parent company of the licensee, is required to submit annual reports (Form 10-K) to the United States Securities and Exchange Commission (U.S. SEC).

(2) Upon the filing of a request that the blanket bond be capped, a copy of the most recently filed Form 10-K shall be submitted to the Registrar. Thereafter, a copy of any Form 10-K report shall be submitted to the Registrar within 10 days of filing with the U.S. SEC.

(3) The net worth of the applicable firm shall, initially and annually thereafter, be not less than 10 times the sum of the blanket bond as determined by the Registrar. Each net worth calculation shall be applicable to the period for which the most recent Form 10-K report was submitted to the U.S. SEC.

(c) The blanket bonds for which a request has been submitted under subsection (b) shall comply with the following schedule:

(1) If a licensee, or the parent company of a licensee, is classified as a "large accelerated filer" by the U.S. SEC, the amount of the blanket bond shall be \$10 million.

(2) If a licensee, or the parent company of a licensee, is classified as an "accelerated filer" by the U.S. SEC, the amount of the blanket bond shall be \$5 million.

(3) If a licensee, or the parent company of a licensee, is classified as a "non-accelerated filer" by the U.S. SEC, the amount of the blanket bond shall be \$1 million.

(d) A licensee who is granted approval of a blanket bond pursuant to subsections (b) and (c) is not subject to the biennial financial reporting requirement specified under Section 858.4(a)(2). However, the qualifier's certification statement must be submitted biennially as specified under that section.

(e) For the purpose of executing the qualifier's certification statement required under Section 858.2(a)(4), the provisions of subsections (a), (b), and (c) of Section 858.1 shall be referenced collectively as "the 100% rule."

On the date that this section becomes effective, any licensee that has a blanket bond on file with the Board that fails to comply with the 100% rule shall achieve compliance not later than 90 days after the effective date of the section. The Registrar is authorized to rescind the approval of the blanket bond in accordance with the provisions of Section 858.8 of this Article if the licensee fails to comply with any provision of this section.

(f) The form of the blanket bond specified under this section is subject to the approval of the Registrar and shall conform to the following with regard to content:

This bond shall be filed with the Registrar of Contractors

State of California

Contractors State License Board

Surety Code: _____

Bond No.: _____

License No.: _____

BLANKET PERFORMANCE AND PAYMENT BOND

~~13B-39 (Rev. 08/11)~~

(Business and Professions Code Section 7159.5)

The term of this bond is _____ to _____,

KNOW ALL BY THESE PRESENTS: That _____

(Business Name as Shown on the License)

whose address for service is

(Street Address)

(City)

(State)

(Zip Code)

as Principal, and _____

(Name of Surety)

a corporation organized under the laws of the State of _____

and authorized to transact a general surety business in the State of California, as Surety, are held and firmly bound unto each owner or tenant of a residence or dwelling unit as the beneficiaries with whom the Principal, as of the date of this bond and thereafter, enters into a home improvement contract as defined in Sections [7151.2](#) and [7159](#) of the Business & Professions Code for repairing, remodeling, altering, converting, or modernizing such building or structure;

~~and the aggregate contract price specified in one or more improvement contracts including all labor services and materials to be furnished by the Principal as the contractor exceeds _____~~

~~Dollars (_____)~~ in in the just and full sum of the amount of each individual contract, for which sum, well and truly to be paid, we bind ourselves, our heirs,

executors, successors, and assigns, jointly and severally, firmly by these presents. The liability for all contracts covered hereunder shall have an aggregate sum not to exceed the total amount of this bond, herein prescribed in the amount of

_____ (\$ _____).

(BOND DOLLAR AMOUNT)

THE CONDITION OF THE OBLIGATION IS SUCH, That, WHEREAS, Sections 7159 and 7159.5 of the Business & Professions Code provide for bonding requirements for contractors entering into contracts covered by these provisions of law, AND, WHEREAS, the Principal desires to file a blanket guarantee to operate as security in accordance with Section 995.020 of the Code of Civil Procedure, to cover the performance and payment of all obligations resultant from such contracts in order to conduct business under the exemptions specified under paragraph (8) of subdivision (a) of Section 7159.5 of the Business & Professions Code.

NOW THEREFORE, if the Principal shall well and truly perform and fulfill all the understandings, covenants, terms, conditions, and agreements of said contracts, and shall also well and truly perform and fulfill all the undertakings, covenants, terms, conditions, and agreements of any and all duly authorized modifications of said contracts; and if the Principal shall promptly make payments to all persons, whether or

not in direct contractual relationship with Principal, supplying labor or material or both for the prosecution of the work provided in said contracts, then this obligation is to be void; otherwise, it is to remain in full force and effect as though separate bonds in the full amount of the contract price had been written on the individual contracts.

PROVIDED, HOWEVER, this bond is issued subject to the following express conditions:

1. This bond may be cancelled by the surety in accordance with the provisions of Sections 996.310 et seq. of the Code of Civil Procedure.
2. This bond shall be deemed continuous in form and shall remain in full force and effect and shall run concurrently with the license period for which the license is granted and shall continue beyond that period and every succeeding license period or periods for which said Principal may hold this license or until the effective date of rescission of the Registrar's approval of the bond, after which liability hereunder shall cease in accordance with provisions of Section 996.360 of the Code of Civil Procedure.
3. This bond to become effective _____

(Date)

4. Even though this bond may be in effect for more than one year, the surety's aggregate liability for all contracts covered hereunder shall in no event exceed the amount set forth above.
5. The surety signing this bond is jointly and severally liable on the obligations of the bond, the obligations of the statutes providing for this bond, and the applicable provisions of the Code of Civil Procedure regarding bonds.

(Name of Surety)

(Address for Service)

I declare under penalty of perjury under the laws of the State of California that I have executed the foregoing bond under an unrevoked power of attorney. I further declare that I have relied upon the "Qualifier's Certification Statement" to determine that, as of the date of execution, the penal sum of this bond is a good faith valuation of the funds required to safeguard the financial interests of the beneficiaries relative to the obligations for which this bond is posted.

Executed in _____, _____ on _____,
(City and State) (Date)

under the laws of the State of California.

Certificate of Authority # _____

Signature of Attorney-in-Fact _____

Printed or Typed Name of Attorney-in-Fact _____

Address of Attorney-in-Fact _____

Telephone Number of Attorney-in-Fact (_____) _____

Signature of Principal (Qualifier for the License) _____

[13B-39 \(rev. 02/17\)](#)

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7151.2, 7159, and 7159.5, Business and Professions Code.

Amend Section 858.2 as follows:

§858.2. Application for Approval of Blanket Performance and Payment Bond

(a) A licensee seeking approval of a blanket bond shall meet the applicable conditions specified under this Article and submit to the Board an Application for Approval of Blanket Performance and Payment Bond, form 13B-35 (11/2011), that includes the following information:

- (1) The name and address of the licensee as listed on the license record and the license number.
- (2) The name of every person listed on the license record of the applicant who, as specified under Section 7068 of the Code, is acting as a qualifier for the license.
- (3) The reviewed year-end financial statements and a report prepared by a certified public accountant (CPA) duly licensed by the California Board of Accountancy or licensed by another state board of accountancy. The reviewed financial statements shall include supplemental information related to the liquidity ratios of the licensee's

business and shall particularly include the current ratio and the quick ratio, the calculations for which are specified under subparagraphs (A) and (B) below. The review report, or a separate supplementary report, shall include an explanation that the information has been subject to the review of the CPA. The review report shall cover the two fiscal years immediately preceding application for approval of the blanket bond, and should be prepared in accordance with the current Statements of Standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts.

(A) Current ratio calculation: current assets; divided by current liabilities.

(B) Quick ratio calculation: current assets minus inventory; divided by current liabilities.

(4) A certification statement, signed under penalty of perjury by the qualifier for the license, which shall conform to the following language:

QUALIFIER'S CERTIFICATION STATEMENT

(Unless otherwise noted, all section references are to the California Business ~~&~~ [and](#) Professions Code.)

The undersigned declares that, in accordance with Sections 7068 and 7068.1 of the Code, he or she is a qualifier for the licensee identified below (hereafter referred to as "licensee") and is responsible for exercising the direct supervision and control of the licensee's operations as is necessary to secure full compliance with the laws and regulations that are under the jurisdiction of the Contractors State License Board. As a qualifier of the licensee, the undersigned has reviewed sufficient financial information to execute this certification as it pertains to the licensee's home improvement sales and services that are subject to the home improvement contract requirements specified under Section 7159 of the Code. As of close of business on _____ the

(Date)

blanket performance and payment bond (bond) number _____ issued by

(Bond Number)

_____ as surety is, according to my comprehension

(Name of Surety Company)

of the data derived from the licensee, in an aggregate amount that is sufficient to comply with the "100% rule" as specified in the provisions of Section 858.1 of Title 16, Division 8 of the California Code of Regulations. The undersigned also certifies that he or she will monitor the relevant business activity of the licensee; exercise due diligence to secure ongoing compliance with the 100% rule; and notify the Registrar within 30 days of the licensee's refusal, failure, or inability to comply with the 100% rule.

The undersigned also certifies that, upon approval of the blanket bond by the Registrar, the contract forms that will be used by the licensee for all transactions which are subject to Section 7159 of the Code will contain a notice which informs the property owner that a blanket performance and payment bond is on file with the Registrar of Contractors, or in lieu thereof, a notice that clearly identifies the name and address of the surety that has issued the blanket performance and payment bond.

As a qualifying individual for the licensee, I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on _____ at _____, _____.

(Date)

(City and State)

(Name of Licensee as it Appears on the License)

(License Number)

(Printed Name of Qualifier)

(Signature of Qualifier)

(b) A licensee shall be licensed in this state in an active status for not less than ~~five~~two (2) years prior to submitting the application provided for by this section.

(c) Except as otherwise provided under this subsection, an application for approval of a blanket bond shall not be accepted for consideration if any member of the personnel of record of the licensee, or any home improvement salespersons registered to the licensee, was found to have been responsible for, participated in, or otherwise culpable

relative to any legal action that is subject to disclosure under Section 7124.6(e)(2) or 7124.6 (e)(3) of the Code, or is named on a license that is suspended pursuant to Section 7071.17 of the Code.

(1) Any person who, after the effective date of the most recent disciplinary order applicable to that individual, is listed on an active license for three (3) consecutive years with no violations resulting in disciplinary action may make application as provided under this Article.

(d) The application shall be signed by the person qualifying on behalf of the licensee who has executed the qualifier's certification statement required under this section. In the case of a responsible managing employee qualifier, the application shall also be signed by the owner, partner, or current corporate officer.

(e) The application shall be accompanied by a blanket bond that complies with the provisions of Section 858.1 of this Article and is underwritten by a surety that has been admitted in the State of California.

Note: Authority cited: Section 7008, Business and Professions Code. Reference: Sections 7068, 7068.1, 7124.6, 7159 and 7159.5, Business and Professions Code.

Article 7. Special Provisions

Amend Section 869 as follows:

§869. Criteria for Rehabilitation

(a) When considering the denial, suspension, or revocation of a license pursuant to Division 1.5 (commencing with Section 475) of the code, the Board in evaluating the applicant's or licensee's rehabilitation and present eligibility for a license will consider the following criteria:

(1) Subject to the provisions of subsection (a)(2), an applicant or licensee may be determined to be rehabilitated if he or she meets the following criteria:

(A) For felony convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, seven (7) years have passed from the time of release from incarceration or completion of probation if no incarceration was

imposed, without the occurrence of additional criminal activity or substantially-related acts.

(B) For misdemeanor convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional criminal activity or substantially-related acts.

(C) For acts that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of commission of the act(s), without the occurrence of criminal activity or additional substantially-related acts.

(2) The amount of time needed to demonstrate rehabilitation under subsection (a)(1) may be increased or decreased by taking into account the following:

(A) The nature and severity of the crime(s) or act(s) that are under consideration as, or that were, the grounds for denial, suspension, or revocation.

(B) Evidence of any crime(s) or act(s) committed subsequent to the crime(s) or act(s) that are under consideration as, or that were, the grounds for denial, suspension, or revocation, which also could be considered as grounds for denial, suspension, or revocation.

(C) The time that has elapsed since commission of the crime(s) or act(s) that are under consideration as, or that were, the grounds for denial, suspension, or revocation.

(D) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant or licensee.

(E) Consistent work history subsequent to the release from incarceration, or the completion of probation if no incarceration was imposed, or subsequent to the time of commission of the act(s).

(F) Documents or testimony from credible individuals who have personal knowledge of the applicant's or licensee's life and activities subsequent to the time of commission of

the crime(s) or act(s) who can attest to the applicant's or licensee's present fitness for licensure.

(G) If applicable, evidence of [a plea of guilty or of nolo contendere or a conviction having been withdrawn, set aside, dismissed, or expunged](#)~~ment proceedings~~ pursuant to Section 1203.4, [1203.4a, or 1203.41](#) of the Penal Code.

(H) Other relevant evidence, if any, of rehabilitation submitted by the applicant or licensee. For example, relevant evidence may include evidence of recovery from drug and/or alcohol addiction or abuse or completion of a drug and/or alcohol aversion program if the crime(s) or act(s) related to or involved drug and/or alcohol use; or evidence of completion of an anger management program if the crime(s) or act(s) demonstrated the applicant's or licensee's inability to control one's temper.

(b) When considering a petition for reinstatement of the license of a contractor, the Board shall evaluate evidence of rehabilitation submitted by the petitioner, considering those criteria specified in subsection (a).

Note: Authority cited: Sections 482 and 7008, Business and Professions Code.

Reference: Sections 480, 482, 490, 496, 7066, 7069, 7073, 7123 and 7124, Business and Professions Code.

Amend Section 869.9 as follows:

§869.9. Criteria to Aid in Determining Earliest Date a Denied Applicant May Reapply for Licensure

(a) For an applicant who is denied licensure pursuant to subdivision (a) of Section 480 of the Business and Professions Code, the date of reapplication shall be set by the registrar at not less than one year nor more than five years after the denial. When computing the date for reapplication, the time shall commence from the effective date of the decision if an appeal is made or from the service of the notice under Section 485(b) if a request for hearing is not made. The registrar will consider the following criteria when setting the reapplication date of an individual who was denied a license:

(1) For felony convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, seven (7) years have passed from the time of release from incarceration or completion of probation if no incarceration was

imposed, without the occurrence of additional criminal activity or substantially-related acts.

(2) For misdemeanor convictions that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of release from incarceration or completion of probation if no incarceration was imposed, without the occurrence of additional criminal activity or substantially-related acts.

(3) For acts that are substantially related to the qualifications, functions, or duties of a licensee as defined in Section 868, three (3) years have passed from the time of commission of the act(s), without the occurrence of criminal activity or additional substantially-related acts.

(4) The nature and severity of the crime(s) or act(s) that were the grounds for denial.

(5) Evidence of any crime(s) or act(s) committed subsequent to the crime(s) or act(s) that were the grounds for denial, which also could be considered as grounds for denial.

(6) The time that has elapsed since commission of the crime(s) or act(s) that were the grounds for denial.

(7) The extent to which the applicant or licensee has complied with any terms of parole, probation, restitution, or any other sanctions lawfully imposed against the applicant.

(8) Consistent work history subsequent to the release from incarceration, or the completion of probation if no incarceration was imposed, or subsequent to the time of commission of the act(s).

(9) Documents or testimony from credible individuals who have personal knowledge of the applicant's life and activities subsequent to the time of commission of the crime(s) or act(s) who can attest to the applicant's present fitness for licensure.

(10) If applicable, evidence of [a plea of guilty or of nolo contendere or a conviction having been withdrawn, set aside, dismissed, or expunged](#) ~~ment proceedings~~ pursuant to Section 1203.4, [1203.4a, or 1203.41](#) of the Penal Code.

(11) Other relevant evidence, if any, of eligibility for reapplication submitted by the applicant. For example, relevant evidence may include evidence of recovery from drug

and/or alcohol addiction or abuse or completion of a drug and/or alcohol aversion program if the crime(s) or act(s) related to or involved drug and/or alcohol use; or evidence of completion of an anger management program if the crime(s) or act(s) demonstrated the applicant's or licensee's inability to control one's temper.

(b) Nothing in this section shall preclude the registrar from denying the license of an applicant who was previously denied a license and who is eligible for reapplication in accordance with this section.

Note: Authority cited: Sections 482, 7008 and 7073, Business and Professions Code.
Reference: Sections 480, 482, 486, 496, 7066, 7069, 7073 and 7124, Business and Professions Code.

Amend Section 872 as follows:

§872. Disclosure of General Liability Insurance.

(a) As used in this regulation, "home improvement contract" is defined in ~~Code~~-Section 7151.2 of the Code. The following statement, must accompany every estimate (bid) intended to result in a home improvement contract and every home improvement contract. The heading shall be printed in at least 14-point bold type, the questions in at least 12-point bold type, and the comments in italics of at least 11-point type. The text should be **bold** where indicated. **This is 14-point bold type. This is 12-point bold type.** *This is 11-point type in italics.*

~~This is 14-point type. This is 12-point type. *This is 11-point type in italics.*~~



~~Pursuant to Bus. & Prof. §7159.3 (SB 2029), home improvement contractors must provide this notice and disclose whether or not they carry commercial general liability insurance.~~



~~Information about Commercial General Liability Insurance.~~

~~Did your contractor tell you whether he or she carries Commercial General Liability Insurance?~~

~~*Home improvement contractors are required by law to tell you whether or not they carry Commercial General Liability Insurance. This written statement must accompany the bid, if there is one, and the contract.*~~

~~What does this insurance cover?~~

~~*Commercial General Liability Insurance can protect against third-party bodily injury and accidental property damage. It is not intended to cover the work the contractor performs.*~~

~~Is this insurance required?~~

~~*No. But the Contractors State License Board strongly recommends that all contractors carry it. The Board cautions you to evaluate the risk to your family and property when you hire a contractor who is not insured. Ask yourself, if something went wrong, would this contractor be able to cover losses ordinarily covered by insurance?*~~

~~How can you make sure the contractor is insured?~~

~~*If he or she is insured, the contractor is required by law to provide you with the name and telephone number of the insurance company. Check with the insurance company to verify that the contractor's insurance coverage will cover your project.*~~

~~What about a contractor who is self-insured?~~

~~*A self-insured contractor has made a business decision to be personally responsible for losses that would ordinarily be covered by insurance. Before contracting with a self-insured contractor, ask yourself, if something went wrong, would this contractor be able to cover losses that should be covered by insurance?*~~

For more information about Commercial General Liability Insurance, contact the **Contractors State License Board** at www.cslb.ca.gov or call **800-321-CSLB (2752)**.

~~(b) The following statement must accompany every contract described in Code Section 7164. The heading shall be printed in at least 14-point type, the questions in at least 12-point type, and the comments in italics of at least 11-point type. The text should be bold where indicated.~~

Pursuant to [Business and Professions Code](#), §7159.3 (SB 2029), home improvement contractors must provide this notice and disclose whether or not they carry [Commercial General Liability Insurance](#).

~~This is 14-point type. This is 12-point type. This is 11-point type in italics.~~



~~Pursuant to Bus. & Prof. §7164 (SB 2029), contractors building single-family residences for owners who intend to occupy the home for at least a year must provide this notice and disclose whether or not they carry commercial general liability insurance.~~



~~Information about Commercial General Liability Insurance~~

- ~~Did your contractor tell you whether he or she carries Commercial General Liability Insurance?~~

~~Contractors building single-family residences for owners who intend to occupy the home for at least a year are required by law to tell you whether or not they carry Commercial General Liability Insurance. This written statement must accompany the contract.~~

- ~~What does this insurance cover?~~

~~Commercial General Liability Insurance can protect against third-party bodily injury and accidental property damage. It is not intended to cover the work the contractor performs.~~

- ~~Is this insurance required?~~

~~No. But the Contractors State License Board strongly recommends that all contractors carry it. The Board cautions you to evaluate the risk to your family and property when you hire a contractor who is not insured. Ask yourself, if something went wrong, would this contractor be able to cover losses ordinarily covered by insurance?~~

- ~~How can you make sure the contractor is insured?~~

~~If he or she is insured, the contractor is required by law to provide you with the name and telephone number of the insurance company. Check with the insurance company to verify that the contractor's insurance coverage will cover your project.~~

- ~~What about a contractor who is self-insured?~~

~~A self-insured contractor has made a business decision to be personally responsible for losses that would ordinarily be covered by insurance. Before contracting with a self-insured contractor, ask yourself, if something went wrong, would this contractor be able to cover losses that should be covered by insurance?~~

~~For more information about Commercial General Liability Insurance, contact the Contractors State License Board at www.cslb.ca.gov or call 800-321-CSLB (2752).~~

Information about Commercial General Liability Insurance.

Did your contractor tell you whether he or she carries Commercial General Liability Insurance?

Home improvement contractors are required by law to tell you whether or not they carry Commercial General Liability Insurance. This written statement must accompany the bid, if there is one, and the contract.



does not carry Commercial General

(CONTRACTOR'S NAME)

Liability Insurance.



_____ carries Commercial General

_____ (CONTRACTOR'S NAME)

Liability Insurance.

The insurance company is _____.

_____ (COMPANY NAME)

You may call the insurance company at _____ to verify

_____ (TELEPHONE NUMBER)

coverage.

For more information about Commercial General Liability Insurance, contact the Contractors State License Board at www.cslb.ca.gov or call 800-321-CSLB (2752).

What does this insurance cover?

Commercial General Liability Insurance can protect against third-party bodily injury and accidental property damage. It is not intended to cover the work the contractor performs.

Is this insurance required?

~~No~~ It is required for limited liability companies that hold a contractor license. However, it is optional for sole ownership, partnership, corporate, and joint venture licensees. But the ~~Contractors State License~~ Board strongly recommends that all contractors carry it. The Board cautions you to evaluate the risk to your family and property when you hire a contractor who is not insured. Ask yourself, if something went wrong, would this contractor be able to cover losses ordinarily covered by insurance?

How can you make sure the contractor is insured?

If he or she is insured, the contractor is required by law to provide you with the name and telephone number of the insurance company. Check with the insurance company to verify that the contractor's insurance coverage will cover your project.

What about a contractor who is self-insured?

A self-insured contractor has made a business ~~de-a-business~~ decision to be personally responsible for losses that would ordinarily be covered by insurance. Before contracting with a

self-insured contractor, ask yourself, if something went wrong, would this contractor be able to cover losses that should be covered by insurance?

~~For more information about Commercial General Liability Insurance, contact the Contractors State License Board at www.cslb.ca.gov or call 800-321-CSLB (2752).~~

(b) The following statement must accompany every contract described in ~~Code~~ Section 7164 of the Code. The heading shall be printed in at least 14-point bold type, the questions in at least 12-point bold type, and the comments in italics of at least 11-point type. The text should be **bold** where indicated. **This is 14-point bold type. This is 12-point bold type.** *This is 11-point type in italics.*

Pursuant to ~~Business and~~ & Professions Code: §7164 (SB 2029), contractors building single-family residences for owners who intend to occupy the home for at least a year must provide this notice and disclose whether or not they carry Commercial General Liability Insurance.

Information about Commercial General Liability Insurance

Did your contractor tell you whether he or she carries Commercial General Liability Insurance?

Contractors building single-family residences for owners who intend to occupy the home for at least a year are required by law to tell you whether or not they carry Commercial General Liability Insurance. This written statement must accompany the contract.

does not carry Commercial General

(CONTRACTOR'S NAME)

Liability Insurance.

carries Commercial General

(CONTRACTOR'S NAME)

Liability Insurance.

The insurance company is

(COMPANY NAME)

You may call the insurance company at _____ to verify

coverage.

For more information about Commercial General Liability Insurance, contact the Contractors State License Board at www.cslb.ca.gov or call 800-321-CSLB (2752).

What does this insurance cover?

Commercial General Liability Insurance can protect against third-party bodily injury and accidental property damage. It is not intended to cover the work the contractor performs.

Is this insurance required?

~~No~~It is required for limited liability companies that hold a contractor license. However, it is optional for sole ownership, partnership, corporate, and joint venture licensees. But the ~~Contractors State License~~ Board strongly recommends that all contractors carry it. The Board cautions you to evaluate the risk to your family and property when you hire a contractor who is not insured. Ask yourself, if something went wrong, would this contractor be able to cover losses ordinarily covered by insurance?

How can you make sure the contractor is insured?

If he or she is insured, the contractor is required by law to provide you with the name and telephone number of the insurance company. Check with the insurance company to verify that the contractor's insurance coverage will cover your project.

What about a contractor who is self-insured?

A self-insured contractor has made a business decision to be personally responsible for losses that would ordinarily be covered by insurance. Before contracting with a self-insured contractor, ask yourself, if something went wrong, would this contractor be able to cover losses that should be covered by insurance?

~~For more information about Commercial General Liability Insurance, contact the Contractors State License Board at www.cslb.ca.gov or call 800-321-CSLB (2752).~~

Note: Authority cited: Sections 7008, 7159.3 and 7164, Business and Professions Code.
Reference: Section 7151.2, Business and Professions Code.