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SENATE FILE

363

BY KING, GRONSTAL, RIFE,  
McKEAN, McCOY, BEHN,  
REHBERG, FREEMAN, and  
HORN

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to limitations of liability pertaining to certain  
2 construction contracts.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 363  
BUSINESS & LABOR

1 Section 1. NEW SECTION. 613.20 LIMITATION OF LIABILITY  
2 IN CONSTRUCTION CONTRACTS.

3 1. For purposes of this section:

4 a. "Limitation or elimination of tort liability" includes,  
5 but is not limited to, an indemnification agreement.

6 b. "Major repair" means a construction, reconstruction,  
7 demolition, or remodeling project with a value greater than  
8 twenty-five percent of the estimated value of the structure  
9 affected by the project.

10 2. An agreement for limitation or elimination of tort  
11 liability in or related to a contract or agreement pertaining  
12 to the construction, reconstruction, demolition, remodeling,  
13 or major repair of all or part of a structure is void and  
14 unenforceable.

15 3. This section does not apply to the following:

16 a. An insurance contract, construction bond, workers'  
17 compensation plan, or similar agreement lawfully issued by an  
18 insurer or bonding company.

19 b. An offer to compromise disputed claims or an agreement  
20 to settle existing or potential litigation claims.

21 c. A contract for or a clause in a contract requiring  
22 arbitration or mediation of disputed claims.

23 d. A valid liquidated damages provision.

24 e. Limitation of liability established pursuant to  
25 statute.

26 EXPLANATION

27 This bill creates a new Code section providing that  
28 limitations of liability, including but not limited to  
29 indemnification provisions, related to certain construction  
30 contracts are void and unenforceable. The section includes  
31 definitions, as well as specifically excludes from its scope  
32 certain insurance contracts, settlement agreements,  
33 arbitration or mediation clauses, liquidated damages clauses,  
34 and statutory limitations on liability which are related to  
35 construction contracts.