

3/31/99 Referred from Calendar to Business & Labor

FILED MAR 15 1999

SENATE FILE 444  
BY COMMITTEE ON BUSINESS AND  
LABOR RELATIONS

(SUCCESSOR TO SF 363)

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 444

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 improvement, maintenance, or major repair of all or part of a  
14 structure is void and 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 f. A limitation of liability negotiated between an owner  
27 or occupant of real property and a design professional  
28 licensed in Iowa.

29 EXPLANATION

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

1 arbitration or mediation clauses, liquidated damages clauses,  
2 agreements between property owners and design professionals,  
3 and statutory limitations on liability which are related to  
4 construction contracts.

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