

# New CCB Licensing System Bond and Insurance Requirements

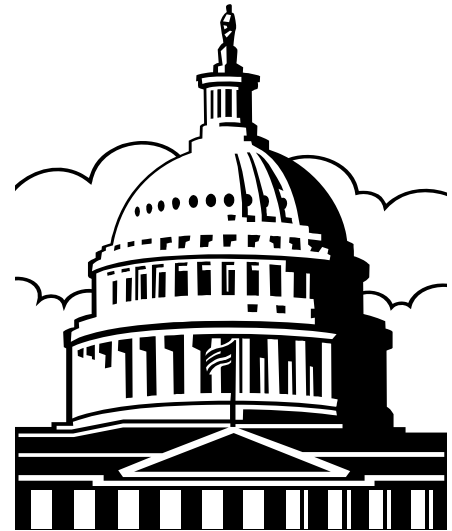


Help for bonding and  
insurance agents

# New Laws

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- ❑ The 2007 Oregon legislature passed several new laws that affect ALL contractors.
- ❑ This presentation is intended for agents so they can help their clients understand the new licensing system and the new bonding and insurance requirements.



# New Licensing System: Endorsements

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- ❑ The new licensing system separates residential and commercial work.
- ❑ The new licensing system requires contractors to select a residential or commercial endorsement and, within the endorsement, select a classification.
- ❑ Or, a contractor may select a dual endorsement with a classification for each endorsement.



# Step 1: Selecting an Endorsement

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- First, the contractor must determine the type of structure or property that will be worked on:
  - Residential structures or residential-zoned property or
  - Commercial structures or commercial-zoned property

# Selecting an Endorsement (cont.)

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- ❑ A residential contractor can work on both residential and small commercial structures and property.
- ❑ A commercial contractor can work on both small and large commercial structures and property.

What's the difference? Read on.



# Residential Structure

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- ❑ Site-built home
- ❑ Structure with one or more dwelling units, four stories or less above grade (this may include new apartment or condominium construction)
- ❑ Condominium, rental or other residential unit part of a larger structure, separate property interest
- ❑ Modular home
- ❑ Manufactured dwelling
- ❑ Floating home



# Small Commercial Structure

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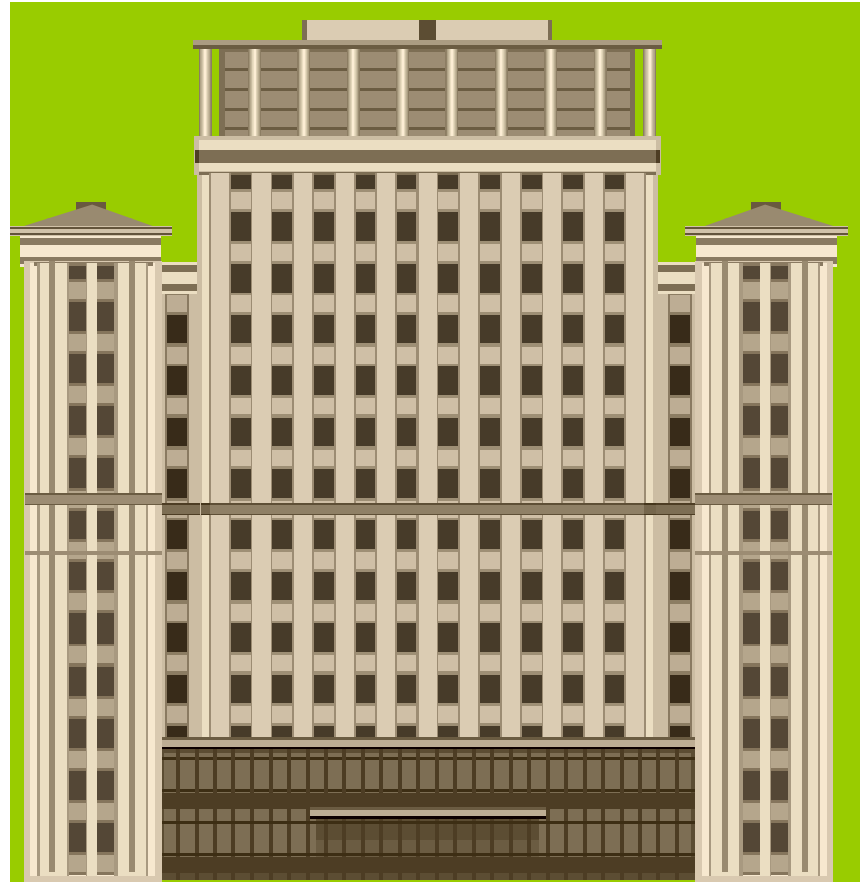


- ❑ Non-residential structure, area less than or equal to 10,000 square feet; not more than 20 feet high
- ❑ Non-residential unit part of larger structure, area less than or equal to 12,000 square feet; not more than 20 feet high
- ❑ Non-residential structure, any size, costs less than \$250,000 for contract price of construction

# Large Commercial Structure

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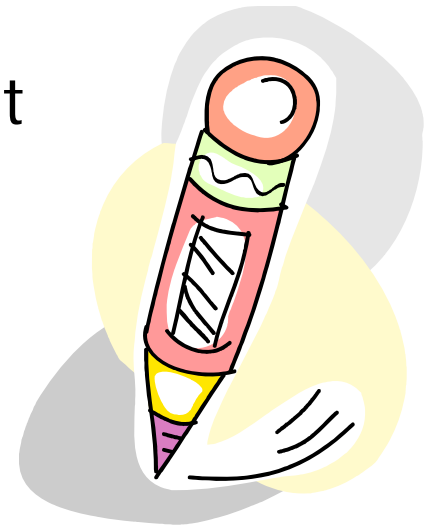
A structure that is not a residential structure or a small commercial structure.



## Step 2: Selecting a Classification

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- Once the contractor has selected their residential or commercial endorsement based on what structure or property type they will be working on, they will need to select an endorsement classification.



- There are:
  - Four residential contractor classifications.
  - Five commercial contractor classifications.

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## Residential Contractor Classifications

If the contractor wants to work on *residential or small commercial structures (or land zoned for such structures)*, they must select one residential classification.

Residential General Contractor	<b>RGC</b>	<ul style="list-style-type: none"> <li>▣ Can perform unlimited building trades</li> <li>▣ No dollar limit</li> </ul>
Residential Specialty Contractor	<b>RSC</b>	<ul style="list-style-type: none"> <li>▣ Can perform 2 or fewer building trades</li> </ul> <p><b>OR</b></p> <ul style="list-style-type: none"> <li>▣ 3 or more trades, \$2,500 contract limit</li> </ul>
Residential Limited Contractor	<b>RLC</b>	<ul style="list-style-type: none"> <li>▣ Can perform unlimited building trades</li> <li>▣ \$5,000 per job limit</li> <li>▣ \$40,000 gross volume business per year limit</li> </ul>
Residential Developer	<b>RD</b>	<ul style="list-style-type: none"> <li>▣ Must own the property and</li> <li>▣ Hires general contractor to oversee and perform all work</li> </ul>



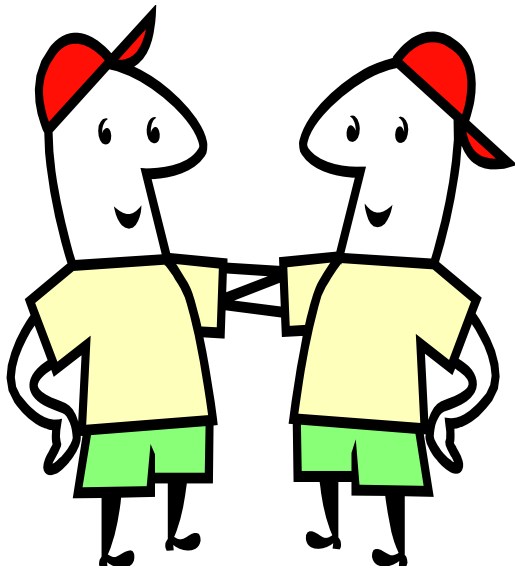
# Commercial Contractor Classifications

If the contractor wants to work on *small or large commercial structures (or land zoned for such structures)*, they must select one commercial classification.

Commercial General Contractor level 1	<b>CGC-1</b>	<ul style="list-style-type: none"> <li>❑ Can perform unlimited building trades</li> <li>❑ No dollar limit</li> <li>❑ Must have 8 years experience</li> </ul>
Commercial General Contractor level 2	<b>CGC-2</b>	<ul style="list-style-type: none"> <li>❑ Can perform unlimited building trades</li> <li>❑ No dollar limit</li> <li>❑ Must have 4 years experience</li> </ul>
Commercial Specialty Contractor level 1	<b>CSC-1</b>	<ul style="list-style-type: none"> <li>❑ Can perform/sub out 2 or fewer building trades</li> <li>❑ Must have 8 years experience</li> </ul>
Commercial Specialty Contractor level 2	<b>CSC-2</b>	<ul style="list-style-type: none"> <li>❑ Can perform/sub out 2 or fewer building trades</li> <li>❑ Must have 4 years experience</li> </ul>
Commercial Developer	<b>CD</b>	<ul style="list-style-type: none"> <li>❑ Must own the property and</li> <li>❑ Hires general contractor to oversee and perform <u>all</u> work</li> <li>❑ No experience required</li> </ul>

# Dual Endorsement

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- If the contractor wants a “dual” endorsement as both a residential and commercial contractor, they must select one classification from each list.
- A “dual” endorsed contractor may perform work on any type of structure (or in connection with any land, regardless of zoning).

## Step 3: Bond and Insurance Amounts

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- Once a contractor has selected their classification, they can now determine the amount of bond and insurance required.
- The bond and insurance amounts are on the next two slides.



# General Liability Insurance Required



- If the contractor's current insurance is less than the amount required, you can **mail** or transmit **on-line** a new Certificate of Insurance in the correct amount for your client. A dual endorsement requires only one general liability insurance policy, at the higher amount.

Classification	Insurance Amount	Classification	Insurance Amount
<b>RGC</b>	\$500,000 per occurrence	<b>CGC-1</b>	\$2 Million aggregate
<b>RSC</b>	\$300,000 per occurrence	<b>CGC-2</b>	\$1 Million aggregate
<b>RLC</b>	\$100,000 per occurrence	<b>CSC-1</b>	\$1 Million aggregate
<b>RD</b>	\$500,000 per occurrence	<b>CSC-2</b>	\$500,000 per occurrence
		<b>CD</b>	\$500,000 per occurrence

# NEW Surety Bond Required



- **Residential Bond:** required for residential contractors
- **Commercial Bond:** required for commercial contractors
- **Both Bonds:** required for a dual endorsement as both a residential and a commercial contractor

Classification	Residential Bond	Classification	Commercial Bond
RGC	\$20,000	CGC-1	\$75,000
RSC	\$15,000	CGC-2	\$20,000
RLC	\$10,000	CSC-1	\$50,000
RD	\$20,000	CSC-2	\$20,000
		CD	\$20,000



# Tips to Help with New Bond Requirements

- ❑ Contractors' current bonds *cannot* be used to renew a license and should be cancelled on the **license** renewal date.
- ❑ The new Residential and Commercial Bonds can only be put into effect at the contractor's license renewal date *unless* the contractor changes to the new endorsement system earlier (examples):
  - Contractor changes categories
  - Contractor voluntarily elects new endorsement
  - Contractor forms new business entity
- ❑ You cannot issue a bond rider to meet the new bond requirements.
- ❑ Each new bond must contain a new and unique bond number, not the same number as the current bond.

# QUESTIONS:

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If you need help or have any questions, contact the CCB at (503) 378-4621.



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