

ASSEMBLY, No. 5652

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED MAY 12, 2021

Sponsored by:

Assemblywoman ANGELICA M. JIMENEZ

District 32 (Bergen and Hudson)

SYNOPSIS

Requires home improvement and home elevation contractors to post bonds before providing services in New Jersey.

CURRENT VERSION OF TEXT

As introduced.



A5652 JIMENEZ

2

1 AN ACT concerning bonds for contractors and amending P.L.2004,
2 c.16.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 7 of P.L.2004, c.16 (C.56:8-142) is amended to read
8 as follows:

9 7. a. On or after December 31, 2005, every registered
10 contractor who is engaged in home improvements shall secure,
11 maintain and file with the director proof of a certificate of
12 commercial general liability insurance in a minimum amount of
13 \$500,000 per occurrence. In addition to the insurance policy, the
14 director shall require posting of a surety bond in the amount of
15 \$12,000 and in favor of the owner, lessee, tenant or other party to
16 the home improvement contract. Every bond and insurance policy
17 required to be maintained pursuant to this subsection shall provide
18 that the issuer of that bond or policy shall give the director written
19 notice of cancellation or termination of the bond or cancellation or
20 non-renewal of the policy within 10 days of the cancellation or non-
21 renewal.

22 b. Every registered contractor engaged in home improvements
23 and home elevation whose surety bond is cancelled or terminated or
24 whose commercial general liability insurance policy is cancelled or
25 nonrenewed shall submit to the director a copy of the bond or the
26 certificate of commercial general liability insurance for a new or
27 replacement bond or policy which meets the requirements of
28 subsection a. of this section before the former bond or policy is no
29 longer effective.

30 c. Every home elevation contractor engaged in performing
31 home elevations, in addition to the insurance required pursuant to
32 subsection a. of this section, shall secure and maintain cargo or
33 other insurance that specifically covers home elevation activities, in
34 a minimum amount of \$1,000,000 per occurrence to cover damages
35 or other losses to the homeowner, lessee, tenant or other party
36 resulting from a home elevation, except as otherwise provided in
37 this subsection. The **[**Director of the Division of Consumer
38 Affairs**]** director in consultation with the Department of Banking
39 and Insurance may promulgate rules and regulations to implement
40 this subsection, which rules and regulations also may require that
41 home elevation contractors secure and maintain additional
42 insurance of such kind and in such amounts as the director may
43 determine in consultation with the Department of Banking and
44 Insurance. In addition to **[**or as an alternative to**]** the insurance
45 required by this subsection, the director **[**may**]** shall also require

EXPLANATION – Matter enclosed in bold-faced brackets **[thus**]** in the above bill is not enacted and is intended to be omitted in the law.**

Matter underlined thus is new matter.

1 the posting of a surety bond in the amount of \$12,000 and in favor
2 of the owner, lessee, tenant or other party to the home improvement
3 contract for home elevation. Every bond and insurance policy
4 required to be maintained under this subsection shall provide that
5 the issuer of that bond or policy shall give the director written
6 notice of cancellation or non-renewal of the bond or policy within
7 10 days of the cancellation or non-renewal.

8 d. A home elevation contractor, prior to entering into an
9 agreement to perform a home elevation, shall provide proof of
10 insurance to the homeowner including the issuing insurer, policy
11 number, type, and amount of insurance coverage maintained by the
12 contractor in accordance with this section.

13 (cf: P.L.2014, c.34, s.4)

14

15 2. This act shall take effect on the first day of the seventh
16 month next following enactment and shall be applicable to home
17 improvement or home elevation contracts agreed to after that date.

18

19

20

STATEMENT

21

22 This bill requires home improvement contractors and home
23 elevation contractors to post surety bonds in order to provide
24 contracting services in New Jersey. The bonds are to be in the
25 amount of \$12,000 and in favor of the owner, lessee, tenant or other
26 party to the home improvement or home elevation contract. Every
27 bond is to provide that the issuer of that bond is to give the director
28 of the Division of Consumer Affairs written notice of cancellation
29 or termination of the bond within 10 days of the cancellation or
30 termination. If a bond has been cancelled or terminated, the home
31 improvement or home elevation contractor is to submit to the
32 director a copy of the bond that is to replace the old bond prior to
33 the date when the old bond is no longer effective.