

A way to help yourself and your HBA when you need an Oregon license bond

By Jeff DeHaan, President Montgomery & Graham Property & Casualty Division

The State of Oregon Construction Contractors Board requires all licensed contractors in the State to be “bonded.” “Bonded” means that the contractor has posted a surety bond with the Construction Contractors Board (CCB) as required by law.

A CCB surety bond provides a limited amount of financial security for property owners. Bonds can only be accessed in the event that the contractor is ordered by the CCB to pay damages as the result of a CCB final order and the contractor fails to pay the order within 30 days. CCB surety bonds are very small compared to the volume of business performed by most construction businesses and are designed to provide an incentive for contractors to pay CCB orders, as opposed to being a comprehensive safety net for consumers.

The bonds required by a contractor in Oregon range from \$10,000 to \$75,000. Most members of the HBA will require a \$20,000 bond. Bonds are issued by insurance companies and are underwritten like unsecured lines of credit. Credit score, years in business and ownership of real estate are all factors considered in the underwriting process.

The cost for a \$20,000 bond can be as low as \$200 and range upward from there. There are over 46,000 licensed contractors in Oregon. The bonding premium generated by this area of Oregon law is likely approaching \$20,000,000!

How You Can Help in 2009

The HBA recently established a new relationship with Montgomery & Graham that brings revenue to the HBA for every bond written through them. They also have access to many of the most reasonable bond insurance company “markets.”

Do yourself and your HBA a favor this year. When you need one of those pesky bonds to get your license renewed...call Jeff DeHaan at 971-327-5793 or email me at jeffd@mgbenefits.com