



State of California  
**CONTRACTORS**  
STATE LICENSE BOARD



## *Industry Bulletin #19-01*

January 2, 2019

#19-01

### **CSLB Outlines New 2019 Requirements for Lawsuit and Arbitration Reporting**

**SACRAMENTO** – The Contractors State License Board (CSLB) wants all licensed contractors and interested stakeholders to know about a new law that takes effect on January 1, 2019.

Senate Bill 1465 requires that licensed contractors report in writing to the registrar within 90 days of the date that the licensee has knowledge of any civil action resulting in final judgment, executed settlement agreement, or final arbitration award in any action in which the licensee is named as a defendant or cross-defendant that meets specified criteria explained below, including that the amount or value of the judgment, settlement payment, or award is \$1,000,000 or greater and that the action is the result of a claim for damages to a property or person allegedly caused by specified construction activities of a license on any part of a multifamily rental residential structure.

In addition, the insurer of a licensed contractor who is party to the final award that makes all or a part of a payment on the award must report that payment to CSLB within **30 days** of the payment.

If a licensed contractor fails to report a final settlement, judgment, or arbitration award that meets the criteria of SB 1465, the license may be disciplined.

#### **What Awards Need to Be Reported to CSLB?**

Only judgment, settlement, or arbitration awards that meet all the following criteria need to be reported to CSLB:

- The civil dispute that led to the award must have been *filed* in a civil court *after* January 1, 2019. (A civil matter finalized after January 1, 2019, but filed before that date does not need to be reported to CSLB); and
- The amount or value of the judgment, settlement, or arbitration award (after any investigations or repairs) must be \$1 million or greater; and



## *Industry Bulletin #19-01*

January 2, 2019

#19-01

- The civil dispute must result from a claim for damages caused by a structural failure, or a risk of structural failure, of a loadbearing portion(s) of a multifamily rental residential structure. (SB 1465 does not apply to lawsuits involving single-family homes); and
- The action must be final.

It is possible for more than one contractor to be named in a civil suit. All licensed contractors named as defendants or cross-defendants to an action that meets the criteria of SB 1465 must report to CSLB, unless he or she is found liable for less than \$15,000 of the award.

### **How to Report a Settlement to CSLB**

After January 2019, a form to report settlements to CSLB will be available on the [CSLB website](#) or by calling 800.321.CSLB (2752). CSLB will accept a report of a settlement, judgment, or arbitration award that meets the criteria of SB 1465 from any party, but licensees and insurers must report such cases.

### **What Information Needs to be Reported?**

Parties must report the following information to CSLB:

- The name and license number of the licensee(s);
- The facts and date(s) of the reportable event;
- The amount or value of the judgment, settlement payment, or arbitration award;
- The title of the court action;
- The court name;
- The docket, case, or file number;
- A copy of the settlement, judgment, or arbitration award;
- (If an insurer) the amount paid by the insurer and the identity of the payee; and
- Any additional information the reporting party believes would assist CSLB in reviewing the matter.



State of California  
**CONTRACTORS**  
**STATE LICENSE BOARD**



## ***Industry Bulletin #19-01***

January 2, 2019

#19-01

### **What Will CSLB do with the Information Reported?**

CSLB will review the facts related to the reportable event to assess if further investigation is necessary to determine if a violation of contractors' state license law occurred.

If CSLB concludes that no disciplinary action is warranted, the matter will be closed in favor of the licensee and the reported information returned to the licensee. Settlement, judgment, or arbitration information submitted to CSLB is not publicly disclosed unless it is subject to disciplinary action by CSLB ([Business and Professions Code section 7124.6](#)).

To help expedite this process, it is critical that parties provide CSLB with all relevant information.

###