

Rulemaking Hearing Rules
of
Tennessee State Board for Licensing Contractors

Chapter 0680-01
Licensing

Amendments

0680-01-.10 Renewal of Licenses.

Any person, firm or corporation desiring to renew a license shall make application to the Board on the prescribed forms. A renewal application for a monetary limitation greater than one million five hundred thousand dollars (\$1,500,000) must be accompanied by a reviewed or audited financial statement prepared by a licensed accountant. If a renewal applicant requests a monetary limitation of one million five hundred thousand dollars (\$1,500,000) or less, he or she may submit a notarized statement that the information contained in his or her financial statement is true and correct.

Authority: T.C.A. §§ 62-6-108, 62-6-111, and 62-6-116.

0680-01-.14 Request for Change of Classification or Limitation.

(2) A request for a change in monetary limitation to be less than one million five hundred thousand dollars (\$1,500,000) shall be reviewed or audited by a licensed accountant or certified public accountant. A request for a change in monetary limitation to more than one million five hundred thousand dollars (\$1,500,000) shall be audited and attested to by a licensed public accountant or certified public accountant.

Authority: T.C.A. §§ 62-6-108 and 62-6-111.

Chapter 0680-06
General Liability Insurance

New Rules

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0680-06-.01 Definitions.

- (1) "Applicant" means an individual or entity who/that is applying for a home improvement contractor license or a general contractor license with the Board.
- (2) "Board" means the board for licensing contractors created by T.C.A. § 62-6-104.
- (3) "General Liability Insurance" means an insurance policy providing insurance coverage for negligent acts or other acts of the principal insured or the principal insured's agents or employees, operating in the course and scope of the agency or employment.

- (4) "Licensee" means an individual or entity who/that is licensed with the Board as a home improvement contractor or a general contractor.

Authority: T.C.A. §§ 62-6-108, 62-6-111(a)(1) and 62-6-506(b)(5).

0680-06-.02 Amount of Insurance.

- (1) Board licensees and applicants shall maintain general liability insurance as follows:
 - (a) In the case of all home improvement contractor applicants or licensees, or if a general contractor applicant's or a licensee's monetary limit is between the amounts of zero dollars (\$0) and five hundred thousand dollars (\$500,000), then the applicant or licensee shall obtain a general liability insurance policy in an amount not less than one hundred thousand dollars (\$100,000).
 - (b) If an applicant's or a licensee's monetary limit is between the amounts of five hundred thousand one dollar (\$500,001) and one million five hundred thousand dollars (\$1,500,000), then the applicant or licensee shall obtain a general liability insurance policy in an amount not less than five hundred thousand dollars (\$500,000).
 - (c) If an applicant's or a licensee's monetary limit is one million five hundred thousand one dollar (\$1,500,001) or more, then the applicant or licensee shall obtain a general liability insurance policy in an amount of not less than one million dollars (\$1,000,000).

Authority: T.C.A. §§ 62-6-108, 62-6-111(a)(1) and 62-6-506(b)(5).

0680-06-.03 Proof of Insurance.

- (1) Applicants shall provide the Board with a copy of a certificate of insurance upon applying for licensure with the Board as proof of having obtained a general liability insurance policy.
- (2) Licensees shall provide the Board with a copy of a certificate of insurance upon renewing his/her/its license as proof of having maintained a general liability insurance policy.
- (3) Applicants and licensees shall name the Board as the certificate holder on the general liability insurance policy.

Authority: T.C.A. §§ 62-6-108, 62-6-111(a)(1) and 62-6-506(b)(5).

The rulemaking hearing rules set out herein were properly filed in the Department of State on the 238th day of April, 2008 and will become effective on the 12th day of July, 2008. (FS 04-15-08; DBID 2870-2971)

Economic Impact Statement:

1. Types of small businesses directly affected: The affected businesses include small businesses that are already licensed or are applying for a general contractor license or a home improvement contractor license by the Board for Licensing Contractors and those licensed general contractors who intend to renew, applicants for such licensure or those requesting a change involving a monetary limit in excess of \$1,500,000.

2. Projected reporting, recordkeeping, and other administrative costs: The projected costs regarding the general liability insurance requirement is the cost related all businesses licensed as general contractors or as home improvement contractors and businesses applying for a general contractor license or a home improvement contractor license (including small businesses) that are required to purchase general liability insurance.

The projected cost regarding the change in monetary limits remain unchanged from the previous costs related to requesting licensure with this monetary limit and in fact works to exclude previously included contractors who desired a monetary limit of only \$1,000,000.

3. Probable effect on small businesses: These rules have the same effect on all businesses (including small businesses) since Chapter 130 of the Public Acts 2007 require that all licensees and applicants for general contractor license or a home improvement contractor license shall provide the Board with proof of having obtained and maintained general liability insurance and since the amended version of T.C.A. §62-6-116 increased the related monetary limit from \$1,000,000 to \$1,500,000.

4. Less burdensome, intrusive, or costly alternative methods: Any alternatives that would be less burdensome, intrusive or costly are not available since the General Assembly has required that all licensees and applicants for a general contractor license or a home improvement contractor license shall provide the Board with proof of having obtained and maintained general liability insurance and that the monetary limit involved in first applications, renewals or requests for monetary changes exceeding \$1,500,000 now require the submission of a reviewed or audited financial statement from a certified public accountant.

5. Comparison with federal and state counterparts: These laws appear to comport with other similar state and federal laws.

6. Effect of possible exemption of small businesses: Small businesses cannot be exempt from the rule requirements since this new law enacted by the General Assembly requiring general liability insurance applies to all applicants for a general contractor license or a home improvement contractor license and all general contractor licensees or home improvement contractor licensees regardless of the size of their business and the General Assembly has required that the monetary limit involved in first applications, renewals or requests for monetary changes exceeding \$1,500,000 now require the submission of a reviewed or audited financial statement from a certified public accountant.