

Public Necessity Rules

Tennessee Board for Licensing Contractors

Statement of Necessity Requiring Public Necessity Rules

Pursuant to Tenn. Code Ann. § 4-5-209, the Board for Licensing Contractors ("Board") is authorized to promulgate public necessity rules in the event that the rules are required by an enactment of the general assembly within a prescribed period of time that precludes utilization of rulemaking procedures described elsewhere in Tennessee Code Annotated, Title 4, Chapter 5, for the promulgation of permanent rules.

Tennessee Code Annotated section 62-6-138 and Chapter 130 of the Public Acts of 2007 (hereinafter "Act") requires the Board to ensure that an applicant or licensee produce an affidavit affirming that they maintain general liability insurance as well as any other information that the Board may require; the Act provides that the requirement for general liability insurance will become effective on July 1, 2007. The legislation was passed on April 30, 2007, and signed into law on May 10, 2007. The Board convened by physical quorum on May 23 and 24, 2007 and once again by teleconference on June 5, 2007 to develop rules about the amount of liability insurance that is required to be maintained and the other information requested by the Board. In order to implement the general liability insurance requirement by July 1, 2007, public necessity rules are required in order to establish and then inform applicants and licensees about the amount of general liability insurance that is required in order to apply for or renew a general contractor license. The Act provides that an applicant cannot obtain licensure without proof of insurance and that a licensee cannot renew his/her/its license without proof of insurance. If these rules were not promulgated on a public necessity basis, the Board's application and renewal process would be halted and the Board would not be in compliance with the provisions of this Act.

Due to the length of time necessary to complete the rulemaking process, these public necessity rules are required for the Board to comply with the enactment of the general assembly. The Board for Licensing Contractors will be conducting a rulemaking hearing on September 26, 2007 to consider comments on the adoption of these rules as permanent rules.

For a copy of this public necessity rule, contact: Carolyn Lazenby, Executive Director of the Board for Licensing Contractors at 500 James Robertson Parkway, Davy Crockett Tower, 1st Floor, Nashville, Tennessee 37243, telephone (615) 741-8307.

Carolyn Lazenby
Executive Director, Board for Licensing Contractors

By: Sarah Elizabeth Oschack-Tarter

Public Necessity Rules
of the
Board for Licensing Contractors

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 general contractor license with the Board.
- (2) "Board" means the board for licensing contractors created by Tenn. Code Ann. § 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 general contractor.

Authority: Chapter 130 of the Public Acts of 2007, §1 and Tenn. Code Ann. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007].

0680-06-.02 Amount of Insurance.

- (1) Board licensees and applicants shall maintain general liability insurance as follows:
 - (a) If an 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 dollars (\$501,000) 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 dollars (\$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: Chapter 130 of the Public Acts of 2007, §1 and Tenn. Code Ann. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007].

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: Chapter 130 of the Public Acts of 2007, §1 and Tenn. Code Ann. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007].

The public necessity rules set out herein was properly filed in the Department of State on this the 29th day of June, 2007, and will be effective from the date of filing for a period of 165 days. These public necessity rules will remain in effect through the 11th day of December, 2007. (FS 06-41-07; DBID 2597)