

Public Necessity Rules  
of the  
Tennessee Board for Licensing Contractors

Statement of Necessity Requiring Public Necessity Rules

Pursuant to T.C.A. § 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.

T.C.A. § 62-6-111(a)(1) and Chapter 130 of the Public Acts of 2007, (hereinafter “Act”), passed May 10, 2007, required the Board for Licensing Contractors to establish rules for the amount of general liability insurance and any other information the Board may require regarding new and renewal applicants for general contractor licenses and became effective July 1, 2007. Although the law provides that the applicants and licensees shall submit an affidavit affirming that they maintain general liability insurance and the amount of general liability insurance, the law does not provide how much general liability insurance an applicant and licensee must maintain. As a result, public necessity rules affecting general contractor applicants and licensees were adopted by the Board on June 5, 2007. The public necessity rules became effective on June 29, 2007 and are set to expire on December 11, 2007.

Public Chapter 460, which was passed on June 4, 2007 and also made effective on July 1, 2007, served to delete T.C.A. §§ 62-37-101, et seq. (“Home Improvement Licensing Act”) in its entirety and create a new section under the “Contractor’s Licensing Act of 1994”, specifically T.C.A. §§ 62-6-501, et seq., meant to specifically govern Home Improvement Contractors. Although Chapter 130 previously amended the Home Improvement Licensing Act to require proof of general liability insurance of new and renewal home improvement contractor applicants, the correlating provision of the enacted Chapter 460 did not include this specific requirement into the new section created in the Contractor’s Licensing Act.

On or about September 6, 2007, the Tennessee Code Commission prepared the 2007 supplement for publication of the official Tennessee Code Annotated, which was subsequently published in October of 2007. In this official publication, T.C.A. § 62-6-506(a)(5), based on Public Chapter 130 and Chapter 460, included a requirement for new and renewal applicants for a home improvement contractor license to provide the Board evidence of general liability insurance, including the amount of coverage (see Compiler’s Notes).

As a result, public necessity rules affecting both home improvement contractor and general contractor applicants and licensees were adopted by the Board on September 25, 2007. Public necessity rules were required in order to establish the requirements for the amount of general liability insurance for home improvement contractors licensees and applicants must provide to the Board to obtain a license. The rules substantially change the provisions listed in the previous Public Necessity Rules adopted by the Board on June 5, 2007, which applied only to general contractor licensees and applicants, and are scheduled to expire on December 11, 2007. A rule-making hearing is set to be scheduled for the next available Board meeting, which is March 26, 2008. Without enacting these Public Necessity Rules containing provisions effecting the amount of general liability insurance required by both home improvement contractor and general contractor applicants and licensees, there would be no rules in place for home improvement contractors applicants and licensees and no rules in place for general contractor applicants and licensees after the period of time between December 11, 2007 (the last day that the public necessity rules relating to general contractors are effective) and the first day the permanent rules will become effective after a rule-making hearing.

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.

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Public Necessity Rules  
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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 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: Chapter 130 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [effective July 1, 2007].

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: Chapter 130 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [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 and Chapter 460 of the Public Acts of 2007, §1 and T.C.A. §§ 62-6-108 and 62-6-111(a)(1) [effective July 1, 2007] and 62-6-506(b)(5) [effective July 1, 2007].

The public necessity rules set out herein were properly filed in the Department of State on the 11th day of December, 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 24th day of May, 2008 (FS 12-15-07; DBID 2784)