



TACIR

The Tennessee Advisory Commission
on Intergovernmental Relations



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MEMORANDUM

TO: Commission Members
FROM:  Annisse Roehrich-Patrick
Executive Director
DATE: December 10, 2013

SUBJECT: Senate Bill 624—Insurance in lieu of Surety Bonds for Public Officials

The attached report is submitted for review and comment. It was prepared in response to Senate Bill 624 by Norris, which the Senate State and Local Government Committee sent to the Commission for study. The bill would have authorized the use of insurance instead of surety bonds for public officials. The report includes a draft recommendation based on discussion at the October meeting that the bill is not needed, at least in its current form, but that the Commission may want to consider endorsing a provision allowing blanket coverage that is the equivalent of the individual surety bonds currently required.

The report also includes information about the current law requiring individual surety bonds for certain public officials, an explanation of the differences between surety bonds and insurance, details about the insurance coverage that the bill would allow in place of the bonds, and a look at how other states are managing the risk associated with their public officials. Based on this information, it is not clear that an insurance policy could provide the same safeguards as Tennessee's individual surety bond requirements, particularly as they relate to holding individual office holders accountable.

A final report will be submitted for approval at the January 2014 Commission meeting.