



## WORKERS' COMPENSATION INSURANCE COVERAGE REQUIREMENT

### for out-of-state construction service providers (CSP)

Tennessee General Assembly passed a new law (PC 682) that became effective June 15, 2020. This new law requires any out-of-state CSP, while performing work in this state, to list "Tennessee" on line 3A of their workers compensation policy or endorsement. See the "Sample Insurance Policy" below.

#### Why the change?

Construction work is inherently dangerous. This new law helps to ensure that all out-of-state construction workers are covered while performing work in Tennessee.

#### How to comply.

Contact your insurance agent to verify or make changes to your workers' compensation insurance coverage so it meets this new requirement. If you do not have a policy, you must obtain coverage before working in Tennessee. *CSPs with no employees, who properly exempt themselves from coverage, are exempt from this requirement.*

#### How we can help.

Contact your local investigator with questions and help verifying that your policy meets the new requirement. Contact information can be found at:

[https://www.tn.gov/content/dam/tn/workforce/documents/EMEEF\\_map.pdf](https://www.tn.gov/content/dam/tn/workforce/documents/EMEEF_map.pdf)

## Sample Insurance Policy

Other workplaces not shown above:

See Schedule

2. The policy period is from 12:01 a.m. **10/04/2020** to 12:01 a.m. **10/04/2021** at the insured's mailing address.

3.A. Workers' Compensation Insurance: Part One of the policy applies to the Workers' Compensation Law of the states listed here:

NC & **TN**

B. Employers Liability Insurance: Part Two of the policy applies to work in each state listed in item 3.A.

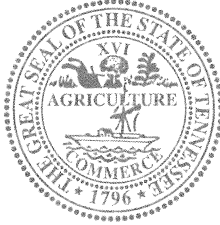
|   |                           |           |                |
|---|---------------------------|-----------|----------------|
| The limits of our liability under Part Two are: | Bodily Injury By Accident | \$100,000 | each accident. |
|   | Bodily Injury By Disease  | \$500,000 | policy limit.  |
|   | Bodily Injury By Disease  | \$100,000 | each employee. |

C. Other States Insurance: Part Three of the policy applies to the states, if any, listed here:

SEE WC 00-03-26 (A)

D. This policy includes these endorsements and schedules:

NCTerrDIsd WC320301C WC320415 WC990001A WC990601



# State of Tennessee

## PUBLIC CHAPTER NO. 682

SENATE BILL NO. 2189

By Johnson, Pody

Substituted for: House Bill No. 2256

By Lamberth, Gant, Boyd, Smith

AN ACT to amend Tennessee Code Annotated, Title 50, Chapter 6, relative to workers' compensation coverage of construction services providers.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-6-115(a), is amended by adding the following sentence to the end of the subsection:

This subsection (a) does not apply to construction services providers, as defined in § 50-6-901, performing work in this state.

SECTION 2. Tennessee Code Annotated, Section 50-6-115(c), is amended by adding the following as a new subdivision:

(6) Subdivisions (c)(1)-(c)(3) do not apply to construction services providers, as defined in § 50-6-901, performing work in this state.

SECTION 3. Tennessee Code Annotated, Section 50-6-115, is amended by adding the following as a new subsection:

(e)(1) A construction services provider, as defined in § 50-6-901, performing work in this state shall maintain workers' compensation insurance coverage throughout the duration of that work and must designate "Tennessee" in section 3A of a construction service provider's workers' compensation insurance policy or endorsement.

(2) A construction services provider who violates this subsection (e) is subject to a penalty issued by the administrator or administrator's designee of up to the greater of:

(A) One thousand dollars (\$1,000); or

(B) One and one half (1.5) times the average yearly workers' compensation premium for the construction services provider based on the appropriate assigned risk plan advisory prospective loss cost and multiplier for the construction services provider as of the date of determination that the construction services provider performs work in this state and did not secure payment of compensation pursuant to this subsection (e).

SECTION 4. Tennessee Code Annotated, Section 50-6-411(d), is amended by deleting the subsection in its entirety and substituting instead the following:

(d)(1) As used in this subsection (d), "successor in interest" means a successor in ownership of any part of a business or enterprise that is carried on and controlled in substantially the same manner as the penalized construction services provider.

(2) A penalty issued under this section must follow any owner of a business, or member of an LLC, that is closed, liquidated, or dissolved, when that owner or member owns or operates any part of a subsequent business that is carried on and

controlled in substantially the same manner as the penalized construction services provider.

(3) A successor in interest to a construction service provider is liable for any penalty assessed under this section against that construction services provider.

(4) A penalized owner, or member of an LLC, of a construction services provider, or a successor in interest to the construction services provider, may appeal a penalty assessment by requesting a contested case hearing pursuant to § 50-6-412(e).

(5) The administrator or the administrator's designee may waive a penalty against a penalized owner, or member of an LLC, of a construction services provider, or successor in interest to a construction services provider, for good cause.

SECTION 5. Tennessee Code Annotated, Section 50-6-411(e), is amended by deleting the language "subdivision (a)(2)" and substituting instead "this section".

SECTION 6. Tennessee Code Annotated, Section 50-6-412, is amended by adding the following as a new subsection:

(1) A successor in interest, as defined in § 50-6-411(d)(1), is liable for any penalty issued under this section against a construction services provider.

(2) A person or entity designated as a successor in interest may appeal a penalty assessment by requesting a contested case hearing pursuant to subsection (e).

(3) The administrator or the administrator's designee may waive a penalty against a successor in interest for good cause.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it, and applies to penalties assessed on or after the effective date of this act.

SENATE BILL NO. 2189

PASSED: June 2, 2020

  
RANDY McNALLY  
SPEAKER OF THE SENATE

  
CAMERON SEXTON, SPEAKER  
HOUSE OF REPRESENTATIVES

APPROVED this 15<sup>th</sup> day of June 2020

  
BILL LEE, GOVERNOR