



New Tennessee Workers' Compensation Law Impacts Construction Industry

According to an update to Tennessee workers' compensation law effective earlier this year, any company engaged in the **construction industry** in the state must be prepared to provide proof of workers' compensation insurance coverage to officials or face immediate fines.

Tennessee is not alone in requiring this type of documentation. Other states have enacted similar rules with varying degrees of impact and severity over recent years. While it may cause some headaches, ultimately this law serves to help contractors have confidence that subcontracted companies are carrying their own workers' compensation coverage. This should serve to reduce the risk for the general contractor on the job.

When and how do I need to show documentation?

Technically, this law states that companies need to provide the appropriate documentation at the time it is requested by the State of Tennessee. However, we recommend that companies who are engaged in the industry should have their coverage documented appropriately in advance to ensure timely compliance.

As a best practice, contractors should provide this documentation proactively for each job site or at least enable convenient access for supervisors, foremen and/or project managers who may be asked to prove coverage by the State.

See below for the full text of the referenced law. Please contact me or another Scott Risk Advisor with questions about your workers' compensation coverage, any documentation or other compliance needs. As always, we are here to provide the guidance and support to help your business succeed.

New Tennessee workers' compensation law – effective May 9, 2017

SECTION 10. Tennessee Code Annotated, Section 50-6-405, is amended by adding the following language as a new subsection:

() Any employer of a construction services provider as defined by § 50-6-901 shall, upon request by the bureau, provide proof of valid workers' compensation insurance coverage at the employer's place of business and at job sites where the employer is providing construction services. Failure to provide proof of valid workers' compensation insurance coverage may result in a penalty of not less than fifty dollars (\$50.00) nor more than five thousand dollars (\$5,000) per violation at the discretion of the administrator or administrator's designee. The administrator has discretion in determining acceptable proof of coverage, taking into account standard insurance industry practices.

"Construction Services Providers" – Any person or entity engaged in the construction industry.

Written by

