

CHAPTER NO. 274

SENATE BILL NO. 1129

By Cooper

Substituted for: House Bill No. 2057

By McKee

AN ACT to amend Tennessee Code Annotated, Section 56-7-101, relative to the definition of the term "contract of insurance".

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

SECTION 1. Tennessee Code Annotated, Section 56-7-101(b), is amended by adding the following language as a new subdivision:

(3) A contract entered into between a tax preparation service company and a taxpayer, providing for the tax preparation service company to pay the additional tax liability, penalties and/or interest imposed by a taxing authority on the taxpayer as a result of an error of the tax preparation service, shall not be deemed to constitute a contract of insurance as long as the tax preparation service has secured on a form approved by the commissioner a surety bond from an insurance company licensed in Tennessee for a penal sum in an amount to be determined by the commissioner, which amount shall be not less than one hundred thousand dollars (\$100,000), but not more than five hundred thousand dollars (\$500,000), with respect to the statewide operations of such tax preparation service and its franchisees engaged in the tax preparation business. In the alternative, the commissioner may accept a deposit of cash or securities in such amount. This bond or deposit shall be subject to suit thereon by the state and by any person who has a cause of action arising from a contract subject to this subdivision.

SECTION 2. Tennessee Code Annotated, Section 56-7-101, is amended by adding the following language as a new subsection:

(c) The commissioner may promulgate such rules and regulations as may be necessary or appropriate to carry out this act in accordance with the Uniform Procedures Act, compiled in Title 4, Chapter 5.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it.

PASSED: May 16, 2005


JOHN S. WILDER
SPEAKER OF THE SENATE


JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 28th day of May 2005


PHIL BREDESEN, GOVERNOR