



County Technical Assistance Service

Published on e-Li (<http://ctas-eli.ctas.tennessee.edu>)

October 18, 2019

Insurance as a Substitute for Bonds

Dear Reader:

The following document was created from the CTAS electronic library known as e-Li. This online library is maintained daily by CTAS staff and seeks to represent the most current information regarding issues relative to Tennessee county government.

We hope this information will be useful to you; reference to it will assist you with many of the questions that will arise in your tenure with county government. However, the *Tennessee Code Annotated* and other relevant laws or regulations should always be consulted before any action is taken based upon the contents of this document.

Please feel free to contact us if you have questions or comments regarding this information or any other e-Li material.

Sincerely,

The University of Tennessee
County Technical Assistance Service
226 Capitol Blvd. Suite 400
Nashville, TN. 37219
615-532-3555 phone
615-532-3699 fax
ctas@tennessee.edu
www.ctas.tennessee.edu

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Insurance as a Substitute for Bonds

Reference Number: CTAS-2205

In 2016, the legislature enacted Public Chapter 749, which authorizes counties to purchase insurance policies in place of bonds for both officials and employees. Purchase of such insurance policies is purely optional and at the discretion of the county legislative body. Under the new law, the county legislative body can opt to cover all or some of the county's officials and employees using insurance rather than bonds.

Under the amended law, codified at T.C.A. § 8-19-101, should a county choose to purchase insurance, the insurance policy must provide minimum coverage of \$400,000 per occurrence and insure the lawful performance by officials and/or employees of their fiduciary duties and responsibilities. Each covered official and office must be listed in the policy.

Counties must file a certificate of insurance evidencing the officials and offices covered, the amount of coverage and the type of coverage provided in the register's office. Filing the certificate of insurance in the register's office satisfies the requirements for filing official bonds by the named officials.

Choosing the insurance option does not affect the liability limits provided in the Tennessee Governmental Tort Liability Act.

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