**A** **BILL**

TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 40‑11‑262 SO AS TO PROVIDE APPLICANTS FOR GENERAL AND MECHANICAL LICENSURE SUBJECT TO FINANCIAL STATEMENT REQUIREMENTS MAY INSTEAD PROVIDE CERTAIN SURETY BONDS, AND TO PROVIDE REQUIREMENTS CONCERNING THE SURETY BONDS.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Article 1, Chapter 11, Title 40 of the 1976 Code is amended by adding:

“Section 40‑11‑262. (A) In lieu of providing a financial statement showing a minimum net worth for a license group as required by Section 40‑11‑260, an applicant may provide a surety bond from a surety authorized to transact surety business in this State in an amount of ten times the required net worth for the applicant’s license group with his initial or renewal application. The surety must maintain a rating of performance from A.M. Best, or its successor rating organization, of ‘A’ as stated in the most current publication of ‘Best Key Rating Guide, Property Liability’.

(B) The surety bond provided in subsection (A) must:

(1) be continuous in form and must be maintained in effect for as long as the applicant maintains the license issued by the department or until the applicant submits a financial statement showing that he meets the net worth requirements for the his license group as provided in Section 40‑11‑260;

(2) list the State of South Carolina as obligee for the bond;

(3) for the benefit of any person who is damaged by an act or omission of the applicant constituting a breach of construction contract or a contract for the furnishing of labor, materials, or professional services for construction undertaken by the applicant, or by any unlawful act or omission of the applicant in performing construction; and

(4) be in addition to, and not in lieu of, any other surety bond required of the applicant by law or regulation, or by any party to a contract with applicant.

(C) The surety bond provided in subsection (A) only may be canceled by notification to the board by the surety and the applicant thirty days prior to cancellation. When the surety bond is canceled, the licensee shall provide proof of net worth for his license group as required by Section 40‑11‑260 within ten days of cancellation or his license is suspended until written proof of net worth is provided.”

SECTION 2. This act takes effect upon approval by the Governor.

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