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March 4, 2016

Nicole Westin
Director, State Government Affairs
National Association of Professional
Employer Organizations
707 N. St. Asaph St.
Alexandria, VA 22314

Via E-Mail: Nwestin@napeo.org

Re: Louisiana State Licensing Board for Contractors / PEOs /
Insurance Requirements

Dear Ms. Westin:

Michael McDuff, the Executive Director of the Louisiana State Licensing Board for Contractors (the "Board") asked that I write to you regarding the Board's position relative to insurance requirements for residential contractors. Insurance provided through a professional employer organization ("PEO") will meet the Louisiana State Licensing Board for Contractors' (the "Board") insurance requirements for residential projects only if the insurance applies to all persons/entities who are serving as a "residential building contractor" and/or a "home improvement contractor."

In order to obtain a license as a residential building contractor or a registration as a home improvement contractor, a contractor must submit, **in the applicant contractor's name**, certificates evidencing workers' compensation coverage in compliance with Title 23 of the Louisiana Revised Statutes of 1950 and liability insurance in a minimum amount of one hundred thousand dollars or liability protection provided by a liability trust fund as authorized by R.S. 22:46(9)(d) in a minimum amount of one hundred

thousand dollars. La. R.S. 37:2167(B). This insurance coverage shall be maintained continuously, and insurance certificates evidencing current workers compensation and general liability insurance shall be submitted with each new application, every renewal application, and upon the renewal date of coverage. §1503 of the Board's Rules and Regulations.

Under La. R.S. 23:1761, a "client" of a PEO is "an employer who obtains services on all *or a majority of its work force or labor*" from a PEO. (Emphasis added.) Clearly, a PEO is not required to provide services for *all* of a residential building contractor's or home improvement contractor's work force, but may instead provide services in accordance with the parties' PEO service agreement. Under such circumstances, the insurance secured by the PEO may not be sufficient to meet the insurance requirements mandated by La. R.S. 37:2167(B) and §1503 of the Board's Rules and Regulations.

Therefore, where a residential building contractor or home improvement contractor seeks to secure insurance through a PEO, he must submit an insurance certificate that evidences that it is not limited in scope to a fraction of the residential building contractor's or home improvement contractor's workforce.

Finally, I anticipate attending the NAPEO Leadership Council Forum in New Orleans, Louisiana on March 15, 2016 to discuss this and any other issues you might have regarding contractor licensure requirements in Louisiana. I understand your meeting will take place between 10:00 a.m. and 2:00 p.m. on the 15th. Please let me know what time would be best to visit with or to address your group with these issues. Also, if there is anything else you would like me discuss, please give me a call ahead of time so that I might prepare accordingly.

Thank you very much for your attention in this matter.

Sincerely,

BREAZEALE, SACHSE & WILSON, L.L.P.

Murphy J. Foster, III

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(Dictated but not read)

MJF/jy

cc: Mr. Michael McDuff (via e-mail: Mmcduff@lslbc.louisiana.gov)
Mr. Murphy J. Foster, III
Ms. Jennifer D. Sims