



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
Financial Affairs Section / Analytical Unit 0576  
500 James Robertson Parkway, 7<sup>TH</sup> Floor  
Nashville, Tennessee 37243  
(615) 741-1670

December 08, 2016

To: All Self-Insurance Companies

**Re: Workers' Compensation Self-Insurance Program**

The Tennessee Department of Commerce and Insurance requires all licensed self-insurers to file annual renewals. Enclosed you will find the 2017 Annual Renewal Packet which includes three different enclosures, and each one is requesting separate sets of documents with different due dates.

**1. Renewal Application** – Complete all the questions on the attached application and complete with appropriate signatures and notarize. Please send the application and attach a current copy of the Excess Policy and Third Party Administrator information per the enclosure, by email, in PDF format. **These are due no later than January 31, 2017.**

**2. Payroll Report Filings** – Attached is the payroll form that needs to be completed with appropriate notarized signatures. Please send the completed payroll form with the NCCI Intrastate Experience Modification Factor per the enclosure, by email, in PDF format. **These reports are due no later than April 1, 2017.**

**3. Financial Reporting Requirements** – Licensees must file independent audited financial statements, actuarial opinion report, and loss run reports. These must be submitted by email, in PDF format. Please see the enclosure for more detailed information that is requested for each report. **These reports are due no later than six months after the fiscal year end date.**

As part of the Department's annual review of self-insurance companies in Tennessee, failure to timely report all required information may result in the imposition of civil penalties as well as suspension or revocation of authority to self-insure.

Sincerely,

Kurt Polasko  
Insurance Examiner



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**DEPARTMENT OF COMMERCE AND INSURANCE**  
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500 James Robertson Parkway, 7th Floor  
Nashville, Tennessee 37243  
(615) 741-1670

## **PLEASE READ - IMPORTANT INFORMATION UPDATED**

### **Notice of Information Needed For 2017 Renewals**

To : All Licensed Self-Insured Employers  
From : Kurt Polasko, Insurance Examiner *12-8-16 KAP*  
Re : Workers' Compensation Self-Insurance Program – ***Renewal Application***  
Date : December 08, 2016

In order to maintain your current self-insurance certification of authority, we appreciate your cooperation in submitting the documents below so we can process your renewal application. It is important that all required documents be submitted in a timely manner. If the required documents are not submitted in a timely manner this may result in the imposition of civil penalties as well as suspension or revocation of the employer's authorization to self-insure.

**Deadline is on or before January 31, 2017 for required items listed below;**

PLEASE PROVIDE	DESCRIPTION
<input type="checkbox"/> <b>1</b>	<b>Application</b> - The application must be signed, notarized and completed in its entirety. Attach an updated list of all Tennessee locations with full mailing address, FEIN number, contact person, phone number, fax number and e-mail address. The list should match the excess policy list.
<input type="checkbox"/> <b>2</b>	<b>Excess Policy</b> - Accompanied by Actuarial Certification as to the amount of aggregate coverage and specific retention. Provide the full policy which should include both specific and aggregate insurance.
<input type="checkbox"/> <b>3</b>	<b>Third Party Administrator (TPA)</b> - Licensed in accordance with Rule 0780-1-81. Attach a copy of the agreement between the TPA and the employer for the current period.

**All items are now required to be sent in PDF format. We no longer require hard copies.**

Any changes that have occurred such as additions or deletions of locations, changes in ownership or subsidiaries, name changes, address changes, contact person changes, or claims management changes should be addressed in the form of a cover letter attached to the renewal information being submitted.

Please see the current Self-Insured Workers' Compensation Employer and TPA Rules 0780-1-83 and 0780-1-81. If you are unable to read or print from the links below, please contact the Department at: [Joseph.Wallace@tn.gov](mailto:Joseph.Wallace@tn.gov)

<http://share.tn.gov/sos/rules/0780/0780-01/0780-01-81.pdf>  
<http://share.tn.gov/sos/rules/0780/0780-01/0780-01-83.pdf>  
TCA§ 50-6-405



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## **PLEASE READ - IMPORTANT INFORMATION UPDATED**

### **Notice of Information Needed For 2017 Renewals**

To : All Self-Insurance Companies  
From : Kurt Polasko, Insurance Examiner *12-8-16 KAP*  
Re : Workers' Compensation Self-Insurance Program – ***Payroll Report Filings***  
Date : December 08, 2016

In order to maintain your current self-insurance certificate of authority, we appreciate your cooperation in submitting the documents below, so we are able to process your premium tax invoice. It is important that your payroll report and NCCI report be submitted in a timely manner. If these documents are not submitted in a timely manner this may result in the imposition of civil penalties as well as suspension or revocation of employer authorization to self-insure. Please submit all documents on or before the **deadline of April 1, 2017. Tax invoices not paid on or before June 30, 2017 are subjected to penalty and interest.**

PLEASE PROVIDE	DESCRIPTION
<input type="checkbox"/> 1	<b>Payroll Report</b> - A detail of actual payroll for all workers covered under self-insurance in Tennessee, grouped by the NCCI classification codes, for the previous calendar year. The report must be signed and notarized, and a new form should be filed if any corrections need to be made.
<input type="checkbox"/> 2	<b>Intrastate Experience Modification Factor</b> - All employers approved for self-insurance must file with the Division the report of their experience modification factor which is calculated in accordance with NCCI Experience Rating Manual rules. This must be based on the TN self-insuring operations and should not include payroll or claims data which is not self-insured in TN. It must be an intrastate and not an interstate modification.

If Items #1 & #2 are not received by the due dates, the Division will determine your premium tax using 2.0 experience modification factor.

**All items are now required to be sent in PDF format. We no longer require hard copies.**

ALL self-insurers are required to furnish a Tennessee experience modification factor. Application for the factor should be filed promptly with the National Council on Compensation Insurance (NCCI) as this factor is necessary for the calculation of self-insurance taxes. The 2017 factor will be based upon losses from calendar years 2013, 2014 and 2015. **YOU SHOULD APPLY FOR YOUR EXPERIENCE MODIFICATION FACTOR UPON RECEIPT OF THIS RENEWAL NOTICE. PLEASE ENSURE THAT THE EXPERIENCE MODIFICATION FACTOR WILL BE EFFECTIVE AS OF JANUARY 1, 2017. NCCI REQUIRES AT LEAST 45 DAYS TO PERFORM THE REPORT; THEREFORE, PLEASE CONTACT & SUBMIT ERM 6 FORM ASAP AT THE FOLLOWING ADDRESS:**

National Council on Compensation Insurance  
Customer Service Center  
901 Peninsula Corporate Circle  
Boca Raton, FL 33487  
Phone: 561-893-1000 or 1-800-622-4123  
Fax: 561-893-1191

Please see the current Self-Insured Workers' Compensation Employer Rule 0780-1-83. If you are unable to read or print from the links below, please contact the Department at:

[Joseph.Wallace@tn.gov](mailto:Joseph.Wallace@tn.gov)

<http://share.tn.gov/sos/rules/0780/0780-01/0780-01-83.pdf>

TCA§ 50-6-405



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## **PLEASE READ - IMPORTANT INFORMATION UPDATED**

### **Notice of Information Needed For 2017 Renewals**

To : All Self-Insurance Companies  
From : Kurt Polasko, Insurance Examiner *12-8-16 KAP*  
Re : Workers' Compensation Self-Insurance Program – ***Financial Reporting Requirements***  
Date : December 08, 2016

In order to maintain your current self-insurance certificate of authority, we appreciate your cooperation in submitting the documents below, which will help us verify your continued compliance with the statutes and regulations to re-evaluate the Company's collateral requirement. Tenn. Code Ann. § 50-6-405(b)(2) requires all employers that self-insure their workers compensation liabilities to file an annual certified financial statement as evidence of ability to pay all claims that may arise against the employer.

The financial statement must include a statement of assets and liabilities and a statement of profits and losses. The statement must be filed no later than six months after the company's immediately preceding fiscal year. The financial statement must also include a detailed accounting of reserves for outstanding losses incurred in connection with self-insured workers compensation liabilities.

It is important that all required documents be submitted in a timely manner. If the required documents are not submitted in a timely manner this may result in the imposition of civil penalties as well as suspension or revocation of employer authorization to self-insure. **Deadline is on or before the last day of the sixth month after the end of the Company's immediately preceding fiscal year for items listed below:**

PLEASE PROVIDE	DESCRIPTION
<input type="checkbox"/> 1	<b>Independently Audited Financial Statement</b> - Failure to comply with this requirement could result in a <b><u>civil penalty of \$100 per day</u></b> for each day the filing requirement is not met.
<input type="checkbox"/> 2	<b>Reserve Report Accompanied by Actuarial Opinion</b> – Issued by a qualified actuary pursuant to Tenn. R. & Reg. 0780-1-83.08(2).
<input type="checkbox"/> 3	<b>Loss Run Report</b> – Summary with totals of all paid claim losses by each accident year since inception based on fiscal year date.
<input type="checkbox"/> 4	<b>Open Claims</b> – A detailed report of all reserves outstanding with totals since inception of self-insurance per policy year.
<input type="checkbox"/> 5	<b>List of Open and Paid Claims</b> – A detailed report of all claims that have exceeded the self-insured retention (SIR) amount since inception of self-insurance. Including a column of the SIR amount for each excess policy period.

**All items are now required to be sent in PDF format. We no longer require hard copies.**

Please see the current Self-Insured Workers' Compensation Employer Rules 0780-1-83. If you are unable to read or print from the links below, please contact the Department at:

[Joseph.Wallace@tn.gov](mailto:Joseph.Wallace@tn.gov)

<http://share.tn.gov/sos/rules/0780/0780-01/0780-01-83.pdf>

TCA§ 50-6-405



13. In consideration of the approval of this application, the applicant hereby expressly agrees as follows:
- a. That this privilege may be revoked by the Commissioner of Commerce and Insurance, as provided in Tenn. Code Ann. § 50-6-405.
  - b. That the applicant, if required to secure excess catastrophe reinsurance coverage, shall file a photocopy of the policy with the Department of Commerce and Insurance.
  - c. That the applicant shall file with the Commissioner an acceptable security in an amount not less than five hundred thousand dollars (\$500,000).
  - d. That the employer will not solicit, receive or collect any money from employees or make any deduction from their wages for the purpose of discharging any part of the employer's liability under the Workers' Compensation Act and that the employer will not permit any person with the employer's knowledge to sell or try to sell medical or hospital tickets to the company's employees for medical, surgical or hospital treatment required by law to be furnished to injured employees.
  - e. When the applicant is a subsidiary company or a partnership, the Commissioner requires that the parent company, or any other company or persons holding stock in the applicant company, or a partner in the applicant partnership, shall give a satisfactory guarantee that the applicant will fully and promptly pay all sums which are or may become payable under the provisions of the Tennessee Workers' Compensation Law and under the terms of the agreement contained in this application.

14. Rating Agency: Indicate whether your company or parent company is rated by the following rating agencies: \_\_\_\_\_ No  
 \_\_\_\_\_ Yes \_\_\_\_\_ If YES, indicate present rating:

Standard & Poor's Corporation \_\_\_\_\_  
 Moody's Investors Service, Inc. \_\_\_\_\_  
 Dun & Bradstreet \_\_\_\_\_  
 Other: \_\_\_\_\_

Signed \_\_\_\_\_ Self-Insured Employer  
 By \_\_\_\_\_  
 \_\_\_\_\_  
 (Official Position)

**AFFIDAVIT**

**(The person subscribing the affidavit below should be the employer himself; or if the employer is a partnership, one of the partners; or if the employer is a corporation, its President, Vice-President, Secretary or Treasurer.)**

STATE of - \_\_\_\_\_, County

\_\_\_\_\_ first being sworn on oath, deposes and says that he/she is the person who signed the foregoing application for the employer therein named and that he/she is acquainted with the affairs of said applicant Employer to which the representations and statements set forth in the foregoing application relate, and that he/she has read said Application, knows the contents thereof and that said representations and statements therein contained are true to the best of his/her knowledge, information and belief.

\_\_\_\_\_  
(Affiant's Signature)

\_\_\_\_\_  
(Official Position)

Subscribed and sworn to before me at \_\_\_\_\_, this \_\_\_\_\_ day of \_\_\_\_\_ A.D., \_\_\_\_\_

\_\_\_\_\_  
(Notary Public)



**STATE OF TENNESSEE**  
**DEPARTMENT OF COMMERCE AND INSURANCE**  
 500 James Robertson Parkway, Nashville, TN 37243-1132  
**SELF-INSURERS PAYROLL REPORT**

<b>ITEM 1</b>	TO THE COMMISSIONER OF THE DEPARTMENT OF COMMERCE AND INSURANCE: _____ 20 ____ The undersigned, an employer operating under the provisions of the Tennessee Worker's Compensation Act, as Self-Insurer, submits the following information for the purpose of enabling the Insurance Commissioner to determine the amount of tax due the State of Tennessee under provision of Section 50-6-405, Tennessee Code Annotated.												
<b>ITEM 2</b>	Name of Employer _____ Address: _____												
<b>ITEM 3</b>	Figures contained in this report are for the purpose of adjusting the tax assessment made for the period of January 1, 20____, to December 31, 20____, and for making the assessment for the period of January 1, 20____, to December 31, 20____.												
<b>ITEM 4</b>	<table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Code</th> <th style="text-align: left;">Classification of Operations</th> <th style="text-align: center;">Average number of employees in Tennessee for year ending December 31, 20____</th> <th style="text-align: center;">Actual/ Estimated Payroll of all employees in Tennessee for period of 20____</th> </tr> </thead> <tbody> <tr> <td colspan="4" style="text-align: center; height: 150px;"> <div style="border: 1px solid black; min-height: 100px;"></div> </td> </tr> <tr> <td colspan="4" style="text-align: center;"><b>TOTAL</b></td> </tr> </tbody> </table>	Code	Classification of Operations	Average number of employees in Tennessee for year ending December 31, 20____	Actual/ Estimated Payroll of all employees in Tennessee for period of 20____	<div style="border: 1px solid black; min-height: 100px;"></div>				<b>TOTAL</b>			
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<b>TOTAL</b>													
	<p style="text-align: center;"><b>NOTE IMPORTANT</b></p> <ol style="list-style-type: none"> <li>1. CLERICAL OFFICE EMPLOYEES. – This classification shall include those employees with office duties only and having no other duty of any other nature in or about the employer's premises.</li> <li>2. Unless the payroll shown above is subdivided into proper classifications, the highest rate will be used in calculating the premium.</li> <li>3. If employer has multiple locations, please consolidate classifications.</li> </ol>												
<b>ITEM 5</b>	<p style="text-align: center;"><b>RETURN THIS COPY TO THIS OFFICE – RETAIN A COPY FOR YOUR FILES</b></p> <p>The forgoing enumeration and description of employees includes all persons employed in the services of this employer in Tennessee in connection with the business operations above described to whom remuneration of any nature in consideration of service is paid, in whole or in part by bonuses, commissions, vacation pay, holidays or sickness periods, or on basis of piecework, or by store certificates, merchandise credits, or any substitute for money. Such form of payment shall be considered as wages to be included in the actual remuneration earned, and the total remuneration earned by each employee shall be reported excluding only the part of overtime as set forth in the basis of premium. This remuneration shall also include the President and Vice-President, Secretary or Treasurer of this employer in every instance where the Executive Officer actually performs such duties as are ordinarily undertaken by a Superintendent, Foreman, or worker, or whose duties include direct charge of the actual performance of any obligations of the risk. The entire payroll of such an Executive Officer shall be assigned without division to the highest rated classification which applies to any such duties undertaken by such Executive Officer for any part of his time. The Department of Commerce and Insurance reserves the right to examine the books of the Employer at any time during the current or following year and any extension thereof so far as they relate to the remuneration earned by any employee of this employer.</p>												
	<p style="text-align: right;">_____ (Name of Company)</p> <p>I, _____ (Title), of the above named company do hereby solemnly swear that the items of the foregoing account are correct and that they constitute the total amount of remuneration received by all employees in the State of Tennessee for the period stated therein to the best of my knowledge and belief.</p> <p style="text-align: right;">_____ (Official and Title)</p> <p>Subscribed and sworn to before me this _____ day of _____, 20____</p> <p>My Commission Expires _____</p> <p style="text-align: right;">_____ (Notary Public)</p>												