

BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
OF THE STATE OF TENNESSEE

IN THE MATTER OF:

TENNESSEE FORESTRY ASSOCIATION
SELECTIVE WORKERS' COMPENSATION GROUP

)
)
) No.: 08-060
)
)

ORDER ADOPTING EXAMINATION REPORT WITH
MODIFICATION AND DIRECTIVES

Pursuant to TENN. CODE ANN. §§ 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance ("Division") has examined certain affairs of the Tennessee Forestry Association Selective Workers' Compensation Group ("Group"), a self-insured workers' compensation pool domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2004, the examiner-in-charge filed with the Division, on the 26th day of January, 2007, a verified, written report on the examination, and a copy of that report has been sent to the Tennessee Forestry Association Selective Workers' Compensation Group. (The Report on Examination of the Tennessee Forestry Association Selective Workers' Compensation Group is attached hereto as Exhibit A). The Division received a written rebuttal to said examination report from the Group on February 26, 2007. (A copy of the Company's written rebuttal is attached hereto as Exhibit B).

Pursuant to TENN. CODE ANN. § 56-1-411, said examination report regarding the affairs of the Tennessee Forestry Association Selective Workers' Compensation Group filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 26th day of January, 2007, is hereby **ADOPTED** as filed with the following **MODIFICATIONS** and **DIRECTIVES**:

RECEIVED

SEP 03 2008

Dept. Of Commerce & Insurance
Company Examinations

1. The Report on Examination is hereby **MODIFIED** by deleting the third sentence of the second paragraph under Drug-Free Workplace Premium Credit on page 48 and replacing it with the following language: "This five (5) percent debit is applied as a schedule rating adjustment if the member is not certified."
2. The Group is **DIRECTED** to comply with TENN. CODE ANN. § 56-5-313 by making written application to the Commissioner for approval of any deductible plans prior to making them available to members.
3. The Group is **DIRECTED** to comply with Tenn. Code Ann. § 56-47-112 by implementing and maintaining an anti-fraud plan and submitting an annual anti-fraud report to the Department summarizing the Group's anti-fraud activities.
4. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.06 by not extending credit to individual members for the payment of premium, except pursuant to plans that have been granted prior written approval by the Commissioner.
5. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.08 by ensuring that member applications and indemnity agreements are properly executed and maintained as permanent records.
6. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.08 for the cancellation of members that fail to make timely premium payments in accordance with the cancellation policies established in the Group's by-laws.
7. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.10 by adhering to the uniform classification system, uniform rating plan, and the rules of the rate service organization designated by the Commissioner. No

variance from these standards is permitted unless written permission is granted by the Commissioner.

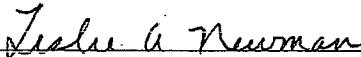
8. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.10 by filing any waiver of subrogation endorsements as required by TENN. CODE ANN. § 56-5-306.
9. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.11 by filing premium payment plans with the Commissioner for approval prior to their use and offering only those plans which have been approved by the Commissioner.
10. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.12 by applying the TENN. CODE ANN. § 56-4-210 investment credit to gross premiums only, in accordance with TENN. CODE ANN. § 56-4-206. The Group is further directed to provide appropriate documentation for any employers claiming an exemption from the TOSHA surcharge, as provided for in TENN. CODE ANN. § 56-4-206.
11. The Group is **DIRECTED** to ensure that the Group's investment policy is in compliance with TENN. COMP. R. & REGS. 0780-1-54-.13.
12. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.15 which states that "any monies for a fund year in excess of the amount necessary to fund all obligations for that fund year may be declared refundable by the board of trustees not less than eighteen (18) months after the end of the fund year, after written approval is granted by to the pool by the Commissioner to disburse such refunds."

13. The Group is **DIRECTED** to comply with TENN. COMP. R. & REGS. 0780-1-54-.24 for the reporting of fund year deficiencies to the Commissioner and obtaining written approval from the Commissioner before using surplus funds from previous years to make up any fund year deficiencies.
14. The Group is **DIRECTED** to comply with TENN. CODE ANN. §§ 66-29-113 and 66-29-115 in its handling of unclaimed property.

The adoption of this examination report shall not preclude the Department from imposing sanctions against the Tennessee Forestry Association Selective Workers' Compensation Group for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report With Directives merely to adopt the examination report filed by the examiner-in-charge.


It is so **ORDERED**.

ENTERED this the 28th day of August, 2008.



Leslie A. Newman, Commissioner
Department of Commerce and Insurance
State of Tennessee


PREPARED FOR ENTRY:



Karen L. Herdel (BPR #024484)
Assistant General Counsel
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Davy Crockett Tower, Second Floor
Nashville, Tennessee 37243
(615) 741-3388

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report with Directives has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, Phil Blustein, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Tennessee Forestry Association Selective Workers' Compensation Group, at the address of 2605 Elm Hill Pike, Suite G, Nashville, Tennessee 37214; on this the 29th day of AUGUST, 2008.



Karen L. Heidel
Certifying Attorney