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Notice of Rulemaking Hearing

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Tennessee Department of Commerce and Insurance
Division:	Insurance
Contact Person:	Catherine A. Tabor, Associate Counsel
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Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

ADA Contact:	Don Coleman
Address:	500 James Robertson Parkway, Nashville, Tennessee 37243
Phone:	(615) 741-0481
Email:	Don.Coleman@tn.gov

Hearing Location(s) (for additional locations, copy and paste table)

Address 1:	500 James Robertson Parkway	
Address 2:	Conference Room 1-B	
City:	Nashville, Tennessee	
Zip:	37243	
Hearing Date:	10/20/2026	
Hearing Time:	9:00 a.m.	X CST/CDT ___EST/EDT

Additional Hearing Information:

Revision Type (check all that apply):

X Amendment
X New
X Repeal

Rule(s) (**ALL** chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	**Chapter Title**
0780-01-41	Tennessee Captive Insurance Companies
Rule Number	**Rule Title**
0780-01-41-.01	Purpose and Authority
0780-01-41-.02	Annual Reporting and Premium Tax Payment Requirements
0780-01-41-.03	Audits
0780-01-41-.04	Certification of Loss Reserves and Loss Expense Reserves
0780-01-41-.05	Deposit Requirement
0780-01-41-.06	Organizational Examination
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Appendix A	Tennessee Captive Insurer Annual Report

Department of Commerce and Insurance
Division of Insurance

Chapter 0780-01-41
Tennessee Captive Insurance Companies
Amendments

Table of Contents

Rule 0780-01-41-.01 Purpose and Authority is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-13-101 through 56-13-418.

Rule 0780-01-41-.02 Annual Reporting and Premium Tax Payment Requirements is amended by deleting it in its entirety and substituting it with the following so that, as amended, the rule shall read:

(1) Each captive insurance company authorized in this state shall file an annual report of its financial condition with the commissioner. Each captive insurance company is required to file its annual report in accordance with T.C.A. § 56-13-108(b). The annual report shall be verified as true and correct by written oath of at least two (2) individuals who are executive officers of the company, and by the captive manager. The annual report shall be prepared using generally accepted accounting principles ("GAAP") and shall include all of the forms and schedules prescribed by the Tennessee Captive Insurer Annual Report. The report shall be submitted electronically or as prescribed by the commissioner.

(2) The OPTins system is hereby designated as the approved method of receiving premium tax, penalty, interest forms, and payments owed by a captive insurance company.

(a) Premium tax forms and payments shall be filed and paid in electronic form through the OPTins system no later than the date such payment is required.

(b) Filings and payments made through OPTins on or before the due date shall be deemed received by the department on the date received by OPTins.

(c) Every filing and payment made through OPTins shall be subject to an OPTins convenience fee per filing to cover the department's costs incurred by accepting electronic payments through OPTins. Such convenience fee shall be assessed in addition to any applicable premium tax, penalty, interest, or payment.

(d) If a tax payment due date falls on a Saturday, Sunday, or banking holiday, the electronic payment must be made so that the funds are immediately available on the first business day after the due date.

(e) The commissioner may waive the requirement for electronic payment through OPTins and allow filing and payment by mail on a case-by-case basis for good cause shown.

(3) For a company that has received approval from the commissioner to utilize an alternative reporting date of its annual report pursuant to T.C.A. § 56-13-108(c), the full estimated premium tax due shall be paid to the Department by March 15 of each year along with an estimated premium tax return. A company may apply for an alternate date for filing and paying premium tax on a fiscal-year end pursuant to T.C.A. § 56-13-114.

(4) If, in accordance with paragraph (3) immediately above, the paid premium tax is less than eighty percent (80%) of the premium tax due as calculated from the annual report filed at the end of the fiscal year, the commissioner may impose monetary penalties on said company in an amount up to one thousand dollars ($1,000).

Authority: T.C.A. §§ 56-13-108, 56-13-114, 56-13-115, 56-13-121, 56-13-204, 56-13-305, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (1), subparagraph (a) is amended by deleting it in its entirety and substituting it with the following so that, as amended, subparagraph (a) shall read:

(1)

(a) Each captive insurance company shall be examined by the commissioner at least once every three (3) years. The three-year examination cycle may be extended up to five (5) years at the commissioner's discretion if the captive insurance company is subject to comprehensive annual financial audits conducted in accordance with Tenn. Code Ann. § 56-13-109(a). To qualify for the extended examination cycle, the annual audits shall be conducted by an independent certified public accountant approved by the commissioner. The approved certified public accountant shall prepare and sign an audited annual financial report in a format prescribed by the commissioner ("audited annual financial report"). For purposes of Tenn. Code Ann. § 56-13-109(a), the audited annual financial report shall be filed with the commissioner no later than June 30 of each year, or within one hundred eighty (180) days after the end of the company's fiscal year. The audited annual financial report shall be considered part of the company's annual report of financial condition, except with respect to its filing deadline.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (1), subparagraph (b) is amended by deleting the word "timely" so that, as amended, subparagraph (b) shall read:

(b) To be eligible for an extension up to a five (5) year period between thorough examinations, the captive insurance company must have filed audited annual financial reports covering all periods of operation from the later of the date of formation or the end date of the previous examination. For good cause shown in exceptional circumstances, the commissioner may allow the late filing of the audited annual financial report to preserve a captive insurance company's eligibility for a thorough examination extension.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (1), subparagraph (d) is amended by deleting "T.C.A. § 56-13-109" and adding "(1)" and "(5th)" so that, as amended, subparagraph (d) shall read:

(d) A protected cell or incorporated protected cell captive insurance company may elect to omit from its audited annual financial report one (1) or more individual cells that collected no premium and wrote no policies during the calendar or fiscal year and was under no liability or potential liability for any policies issued in prior years. This action is hereinafter referred to in this rule as an "omission election." The omission election shall be made on a form prescribed by the commissioner and signed under oath by the captive manager and at least one (1) officer of the company and filed with the audited annual financial report. No omission election may be made in the calendar or fiscal year in which occurs the fifth (5th) anniversary of the company's formation or fifth (5th) anniversary of the final date covered by the company's last thorough examination. In the next year subsequent to the taking of an omission election where no omission election is made or following after a year in which no omission election may be made, the filed audited annual financial report shall include a cumulative report on the protected cell's activity during all preceding years for which an omission election was made. No omission election may be made on a protected cell or incorporated protected cell's core or general account. The commissioner, in his or her sole discretion, may disallow a protected cell or incorporated protected cell captive insurance company from taking any future omission elections on one (1) or more cells upon notice.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (2) is amended by adding "(90)" and adding new subparagraphs (a) and (b) so that, as amended, paragraph (2) shall read:

(2) Designation of Independent Certified Public Accountant.

Companies, after becoming subject to this rule, shall within ninety (90) days report to the commissioner in writing, the name and address of the independent certified public accountant retained to conduct the annual audit set forth in this rule. The certified public accountant that is retained to conduct the annual audit may only be appointed from the list of approved certified public accounting firms or individual certified public accountants maintained by the commissioner. The independent certified public accountant retained to conduct the annual audit shall apply, on a form adopted by the commissioner, for approval by the commissioner.

(a) The commissioner has the authority to reject a company's designation of a certified public accounting firm or individual certified public accountant who:

1. Has been convicted of fraud, bribery, a violation of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. Sections 1961 to 1968, any dishonest or unethical conduct, dishonest practices, or unfair trade practices under federal or state law;

2. Has been found to have violated the insurance laws of this state or another state;

3. Has demonstrated a pattern or practice of failing to detect or disclose material information in previous reports filed under the provisions of this Chapter 0780-01-41 or T.C.A. § 56-13-101 et seq.;

4. Is not in good standing with the Association of International Certified Professional Accountants and in all states in which the accountant is licensed to practice, or, for a Canadian or British company, that is not a chartered accountant; or

5. Has either directly or indirectly entered into an agreement of indemnity or release from liability (collectively referred to as "indemnification") with respect to the audit of the insurer.

(b) The commissioner retains the right to, without a hearing, reject the retained certified public accountant and require the licensed captive insurance company to obtain a new independent certified public accountant. If such denial or removal occurs, the commissioner shall provide the licensed captive insurance company at least thirty (30) days to obtain a new independent certified public accountant.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (4), subparagraph (d) is deleted in its entirety.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (5), subparagraph (b) is amended by deleting “case by case” and replacing it with “case-by-case” and deleting “Commissioner” and replacing it with “commissioner” so that, as amended, subparagraph (b) shall read:

(b) Report of Evaluation of Internal Controls.

Every company that has annual direct written and assumed premiums of five hundred million dollars ($500,000,000) or more shall include an evaluation of the internal controls of the company relating to the methods and procedures used in the securing of assets and the reliability of the financial records, including but not limited to such controls as the system of authorization and approval and the separation of duties. The review shall be conducted in accordance with generally accepted auditing standards or statutory accounting principles, and the report shall be filed with the commissioner. An exemption from this evaluation may be granted on a case-by-case basis upon written request to the commissioner.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (5), subparagraph (d) is amended by adding parts 1 through 7 so that, as amended, subparagraph (d) shall read:

(d) Financial Statements as required under Rule 0780-01-41-.02, Annual Reporting Requirements which shall include the following:

1. Report of independent certified public accountant;

2. Balance sheet reporting admitted assets, liabilities, capital and surplus;

3. Statement of operations;

4. Statement of cash flow;

5. Statement of changes in capital and surplus;

6. Notes to financial statements. The notes to financial statements shall be those required by GAAP or as required by any other comprehensive basis of accounting in use by the company and approved by the commissioner and shall include:

(i) A reconciliation of differences between the audited financial report and the statement or form filed with the commissioner;

(ii) A summary of ownership and relationship of the company and all affiliated corporations or companies insured by the captive;

(iii) A narrative explanation of all material transactions and balances with the company;

(I) As used in reference to captive insurance companies' financial statements, the term "material transactions" means sales, guarantees, purchases, exchanges, loans or extensions of credit or investments which, based upon an annual aggregate, involve more than five percent (5%) of the insurer's admitted assets or twenty-five percent (25%) of the insurer's surplus as regards policyholders, whichever is less, as of the latest annual financial statement filed with the commissioner; and

7. Any additional documents or materials requested by the commissioner at the commissioner's discretion.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.03 Audits, paragraph (5), subparagraph (e) is deleted in its entirety.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-13-115, 56-13-121, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
New Rule

Rule 0780-01-41-.04 Certification of Loss Reserves and Loss Expense Reserves is a new rule and shall read:

0780-01-41-.04 Certification of Loss Reserves and Loss Expense Reserves.

(1) Each captive insurance company shall annually file an actuarial opinion as to the reasonableness of the company's loss reserves and loss expense reserves. For protected cell captive insurance companies, this opinion shall also include a statement identifying any one (1) or more protected cells for which the carried reserves are either inadequate (i.e. - below the minimum amount the actuary believes is reasonable) or redundant (i.e. - greater than the maximum amount the actuary believes is reasonable). For exceptional cause shown, the commissioner may waive the requirement of filing an opinion as to reasonableness of loss reserves and loss expense reserves by a company.

(2)

(a) The individual who certifies as to the reasonableness of reserves shall apply, on a form adopted by the commissioner, for approval by the commissioner, and shall be a Fellow of the Casualty Actuarial Society, a member in good standing of the American Academy of Actuaries, or an individual who has demonstrated his or her competence in loss reserve evaluation to the commissioner. Certification shall be in such form as the commissioner deems appropriate.

(b) The commissioner has the authority to reject an individual who certifies as to the reasonableness of a company's reserves based on the following:

1. The individual has violated any provision of, or any obligation imposed by, the Insurance Law or other law in the course of his or her dealings as a qualified actuary;

2. The individual has been found guilty of fraudulent or dishonest practices;

3. The individual has demonstrated his or her incompetency, lack of cooperation, or untrustworthiness to act as a qualified actuary;

4. The individual has submitted to the commissioner during the past five (5) years, pursuant to this chapter, an actuarial opinion or memorandum that the commissioner rejected because it did not meet the provisions of this chapter including standards set by the Actuarial Standards Board; or

5. The individual has resigned or been removed as an actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards.

(c) The commissioner retains the right to, without a hearing, reject the retained actuary and require the licensed captive insurance company to obtain a new independent actuary. If such denial or removal occurs, the commissioner shall provide the licensed captive insurance company at least thirty (30) days to obtain a new independent actuary.

(d) The certification of loss reserves and loss expense reserves shall be filed on or before June 30th of each year or one hundred eighty (180) days after the end of the fiscal year.

Authority: T.C.A. §§ 56-13-108, 56-13-109, 56-1-113, 56-13-115, 56-13-121, 56-13-204, 56-13-305, 56-13-407, and 56-13-416.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
Amendments

Rule 0780-01-41-.05 Deposit Requirement is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-13-105, 56-13-115, 56-13-121, and 56-13-303.

Rule 0780-01-41-.06 Organizational Examination is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-1-409, 56-1-413, 56-13-103, 56-13-109, 56-13-115, 56-13-121, 56-13-123, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.07 Limited Scope Examination and Informal Visitation, paragraph (4) is amended by deleting “At the request of a captive insurance company,” so that, as amended, paragraph (4) shall read:

(4) The commissioner may, in person or by designee, conduct an informal visitation of such captive insurance company. Such informal visitation may include, but is not limited to, a review of the books and records of the captive insurance company, review of governance, internal practices, controls, policies and procedures. A visitation may include a site visit to the captive insurance company’s principal place of business, the offices of its captive manager, accountant, and/or principal or beneficial owner, or other service provider. At the conclusion of such a visitation, the commissioner or commissioner’s designee shall send a report to the captive insurance company that shall include any suggestions or recommendations. This report shall be reviewed and included in the next subsequent thorough examination of the captive insurance company.

Authority: T.C.A. §§ 56-1-409, 56-1-413, 56-13-103, 56-13-109, 56-13-115, 56-13-121, 56-13-123, 56-13-124, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.07 Limited Scope Examination and Informal Visitation, paragraph (5) is amended by deleting it in its entirety and substituting it with the following so that, as amended, paragraph (5) shall read:

(5) The expenses and charges of any limited scope examination and informal visitation is the responsibility of the captive insurance company. However, the commissioner has discretion to waive expenses and charges for an informal visitation.

Authority: T.C.A. §§ 56-1-409, 56-1-413, 56-13-103, 56-13-109, 56-13-115, 56-13-120, 56-13-121, 56-13-123, 56-13-124, 56-13-203, 56-13-306, 56-13-404, and 56-13-416.

Rule 0780-01-41-.08 Insurance Managers and Intermediaries is amended by adding new language at the end of the paragraph so that, as amended, the rule shall read:

No person shall, in or from within this state, act as a managing general agent, producer, or reinsurance intermediary for captive business without the authorization of the commissioner. Application for such authorization must be on a form prescribed by the commissioner. The commissioner has the authority to deny or remove authorization for a managing general agent, producer, or reinsurance intermediary acting as a service provider for a licensed captive insurance company for violations of the Reinsurance Intermediary Act, violations of the Tennessee Insurance Producer Licensing Act, or violations of the Managing General Agents Act. The commissioner retains the right to, without a hearing, reject the authorization of a managing general agent, producer, or reinsurance intermediary. If such denial or removal occurs, the commissioner shall provide the licensed captive insurance company at least thirty (30) days to obtain a new managing general agent, producer, or reinsurance intermediary.

Authority: T.C.A. §§ 56-6-103, 56-6-106, 56-6-112, 56-6-503, 56-6-507, 56-6-803, 56-6-811, 56-13-103, 56-13-115, and 56-13-121.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
New Rule

Rule 0780-01-41-.09 Service Providers is a new rule and shall read:

0780-01-41-.09 Service Providers.

(1) As used in reference to captive insurance companies, the term “service providers" includes captive managers, auditors, accountants, attorneys, actuaries, investment advisers, managing general underwriters or other parties responsible for underwriting, determination of rates, collection of premium, adjusting and settling claims, or the preparation of financial statements.

(2) A captive insurance company that engages at least two (2) distinct service providers meeting the criteria in paragraph (1), maintains its principal place of business in Tennessee, and appoints a registered agent to accept service of process and to otherwise act on its behalf in this state, and satisfies all other applicable requirements of this Chapter and Title 56, Chapter 13 of the Tennessee Code Annotated, may be eligible for a waiver of the in-person annual meeting requirement established in Rule 0780-01-41-.06 (Organizational Examination) and any related provisions requiring a physical meeting of the board or shareholders. Upon written approval by the commissioner, the captive insurance company may conduct its annual meeting virtually or through other remote communication methods that ensure real-time participation and recordkeeping consistent with the Tennessee Captive Insurance Act.

(3) The commissioner retains the authority, without a hearing, to reject or revoke approval of any service provider identified in paragraph (1) and to require the captive insurance company to designate a replacement service provider. If such denial or removal occurs, the commissioner shall allow the captive insurance company at least thirty (30) days to obtain approval of a replacement service provider. Failure to obtain such approval within the specified time may result in administrative action against the captive insurance company’s license.

Authority: T.C.A. §§ 56-13-103, 56-13-115, and 56-13-121.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
Amendments

Rule 0780-01-41-.10 Biographical Affidavits and Compensation is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-13-115, 56-13-118, 56-13-121, 56-13-204, and 56-13-404.

Rule 0780-01-41-.11 Conflict of Interest is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-13-115 and 56-13-121.

Rule 0780-01-41-.12 Revocation or Suspension of Captive License is amended by re-organizing paragraphs (1) and (2) so that, as amended, the rule shall read:

(1) The commissioner may, subject to the provisions of this rule, by order suspend or revoke the license of the company for any of the following:

(a) At the request of the company; or

(b) For any reason provided in T.C.A. § 56-13-110.

(2) Before the commissioner rescinds the license of a company under (1) or (2), the commissioner shall give the company notice in writing of the grounds on which the commissioner proposes to cancel the license and shall afford the company an opportunity to make objection in writing within the period of thirty (30) days after receipt of notice. The commissioner shall take into consideration any objection received by the commissioner within that period and, if the commissioner decides to cancel the license, cause the order of cancellation to be served on the company.

Authority: T.C.A. §§ 56-13-110, 56-13-115, 56-13-120, and 56-13-121.

Rule 0780-01-41-.13 Acquisition of Control of or Merger with Domestic Company is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-13-107, 56-13-115, 56-13-121, 56-13-123, and 56-13-209.

Rule 0780-01-41-.14 Change of Business Plan is amended by deleting “sixty (60)” and replacing it with “thirty (30)” and deleting “but does not require prior approval” and replacing it with “of the effective date of the change” so that, as amended, the rule shall read:

A change in any information filed with the application that does not constitute a material change as identified in T.C.A. §§ 56-13-103(c)(2)(B) or 56-13-416 or a change requiring commissioner approval in T.C.A. § 56-13-204(14) must be filed with the commissioner within thirty (30) days of the effective date of the change.

Authority: T.C.A. §§ 56-13-103, 56-13-115, 56-13-118, 56-13-121, 56-13-204, and 56-13-416.

Rule 0780-01-41-.15 Designation of a Captive Manager is amended by deleting it in its entirety and substituting it with the following so that, as amended, the rule shall read:

(1) Companies, before becoming licensed, shall report to the commissioner in writing the name and address of the designated captive manager retained to manage the company. The captive manager shall apply for approval from the commissioner by using a form adopted by the commissioner. Any change of designated captive manager for a captive insurance company must be approved, in advance, by the commissioner.

(a) The commissioner has the authority to reject, revoke approval of, or require the removal of, a captive manager or management firm that:

1. Has been convicted of fraud, bribery, a violation of the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. §§ 1961–1968, or any dishonest or unethical conduct, dishonest practices, or unfair trade practices under federal or state law;

2. Has been found by the commissioner, or by another state insurance regulator, to have violated the insurance laws or regulations of this state or any other jurisdiction;

3. Has demonstrated a pattern or practice of failing to adequately oversee the operations, governance, or financial reporting of a captive insurance company or its protected cells under Tenn. Code Ann. § 56-13-101 et seq.;

4. Has knowingly or negligently failed to maintain or enforce compliance with the provisions of the Captive Insurance Act or these Rules, resulting in material noncompliance by the captive insurance company;

5. Has had a professional license, registration, or other regulatory authorization suspended, revoked, or restricted by any state, province, or professional body; or

6. Has entered into, either directly or indirectly, an agreement that limits the captive manager's accountability or indemnifies the manager against regulatory or supervisory actions taken by the Department.

(b) The commissioner retains the right, without a hearing, to reject or revoke approval of the retained captive manager and require the captive insurance company to designate a new captive manager. If such denial or removal occurs, the commissioner shall provide the captive insurance company at least thirty (30) days to obtain approval of a new captive manager. Failure to obtain such approval within the specified time may result in administrative action against the license of the captive insurance company.

(c) Nothing in this rule shall be construed to limit the commissioner's authority under Tenn. Code Ann. §§ 56-13-101 et seq. to examine, investigate, or take disciplinary action against any person or entity engaged in the management or operation of a captive insurance company.

Authority: T.C.A. §§ 56-13-103, 56-13-115, and 56-13-121.

Rule 0780-01-41-.16 Regulation for Captive Insurance Companies Issuing Annuities, paragraph (1) is amended by deleting "Rule 0780-01-41-.14" and substituting it with "Rule 0780-01-41-.16" so that, as amended, paragraph (1) shall read:

(1) This Rule 0780-01-41-.16 establishes reserve requirements, separate accounts and the form of the annual statement required of any captive insurance company that issues annuity contracts (which may have life or other benefits that constitute a subsidiary or incidental part of the entire contract).

Authority: T.C.A. §§ 56-3-501, 56-13-114, 56-13-115, and 56-13-121.

Rule 0780-01-41-.17 Regulation for Captive Insurance Companies Reinsuring Life Insurance Policies is amended by deleting “rule 0780-01-41-.15” and replacing it with “Rule 0780-01-41-.17” so that, as amended, the rule shall read:

(1) This Rule 0780-01-41-.17 establishes reserve requirements and the form of the annual report required of a captive insurance company that reinsures life insurance policies, including term, universal and variable life policies, and related guarantees and riders (collectively, “Life Insurance Policies“).

(2) This Rule shall apply to any captive insurance company formed or licensed under the provisions of Title 56, Chapter 13 of the Tennessee Code Annotated that reinsures Life Insurance Policies, with respect to fiscal years ending on and after December 31, 2013.

(3) A captive insurance company described in Rule 0780-01-41-.17(2) shall maintain reserves that are actuarially sufficient to support the liabilities incurred by the captive insurance company in reinsuring Life Insurance Policies.

(4) For purposes of the annual report required by Tenn. Code Ann. § 56-13-108(b):

(a) A captive insurance company described in Rule 0780-01-41-.17(2) that uses statutory accounting principles (i.e., the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, including any appropriate or necessary modifications or adaptations thereto approved by the Commissioner of Commerce and Insurance) shall submit the annual report in the form of the annual statement approved by the National Association of Insurance Commissioners for life insurers, as modified or supplemented by the commissioner, unless the commissioner requires or approves a different form of annual report; and

(b) A captive insurance company described in Rule 0780-01-41-.17(2) that uses generally accepted accounting principles, including any appropriate or necessary modifications or adaptations thereto approved by the commissioner, shall submit the annual report in the form approved by the commissioner.

Authority: T.C.A. §§ 56-13-103, 56-13-115, 56-13-121, 56-13-122, 56-13-204, 56-13-301, 56-13-303, 56-13-404, 56-13-406, 56-13-407, 56-13-412, and 56-13-414.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
New Rules

Rule 0780-01-41-.18 Abandonment of Application is a new rule and shall read:

0780-01-41-.18 Abandonment of Application.

(1) An application filed pursuant to Title 56, Chapter 13 of the Tennessee Code Annotated shall be deemed abandoned if the applicant fails to complete the application process within six (6) months from the date the initial application materials are filed with the Department.

(2) Upon expiration of the six (6) month period, the Department may notify the applicant in writing that the application is considered abandoned. The Department shall retain all fees received, and any subsequent request for licensure or approval shall require submission of a new application and payment of all applicable fees.

(3) The commissioner may, in his or her discretion, extend the period for completion of an application upon written request showing good cause made prior to the expiration of the six (6) month period.

Authority: T.C.A. §§ 56-13-103, 56-13-115, and 56-13-121.

Rule 0780-01-41-.19 Backdating of Certificate of Authority or Approvals to Operate is a new rule and shall read:

0780-01-41-.19 Backdating of Certificate of Authority or Approval to Operate.

(1) The commissioner may approve the backdating of a Certificate of Authority or approval to operate if the application review is completed within forty-five (45) days of the date the organizational documents were filed with the Secretary of State, or, in the case of an unincorporated entity or cell, from the date the application was submitted to the Department.

(2) For application reviews exceeding forty-five (45) days, the applicant may elect an effective date within thirty (30) to forty-five (45) days from the date the Department completes its review and is prepared to issue approval.

(3) The Department shall not approve backdating beyond the average thirty (30) to forty-five (45) day review period except under extraordinary circumstances and with the commissioner's written approval.

Authority: T.C.A. §§ 56-13-103, 56-13-115, and 56-13-121.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
Amendment

Rule 0780-01-41-.20 Severability Provision is amended by deleting the rule authority in its entirety and substituting it with the following so that, as amended, the rule authority shall read:

Authority: T.C.A. §§ 56-13-115 and 56-13-121.

Chapter 0780-01-41
Tennessee Captive Insurance Companies
Repeal

Appendix A Tennessee Captive Insurer Annual Report is repealed in its entirety.

Authority: T.C.A. §§ 56-13-108, 56-13-115, and 56-13-121.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: ____________________

Signature: ____________________

Name of Officer: Catherine Tabor

Title of Officer: Associate Counsel

Department of State Use Only

Filed with the Department of State on: ____________________

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Tre Hargett
Secretary of State