



STATE OF TENNESSEE  
**DEPARTMENT OF COMMERCE AND INSURANCE**  
Financial Affairs Section / Analytical Unit  
Third Party Administrator Licensing  
500 James Robertson Parkway, 4<sup>th</sup> Floor  
Nashville, Tennessee 37243  
(615) 741-7520

## **THIRD PARTY ADMINISTRATORS (TPA) LICENSING PACKET**

**ALL APPLICATIONS SHOULD BE MAILED TO THE FOLLOWING ADDRESS:**

Joe Walker, TPA Analyst  
Tennessee Department of Commerce and Insurance  
Financial Affairs Section / Analytical Unit  
500 James Robertson Parkway, 4<sup>th</sup> Floor  
Nashville, Tennessee 37243

Questions? Call Joe Walker at 615-741-7520 or email at [robert.walker@tn.gov](mailto:robert.walker@tn.gov)

**THIRD PARTY ADMINISTRATORS (TPA) LICENSING PACKET  
REQUIREMENTS FOR FILING A NEW TPA LICENSE APPLICATION:**

- 1. Administrator License Application Form – Last page of this packet**
  - a. Must bear original signatures and notarization. Must bear the street address, not a post office box. If mail is received at a PO Box, please state this in your cover letter.
- 2. Non-refundable Application Review Fee of \$100.00**
  - a. Payable to: Tennessee Department of Commerce and Insurance.
  - b. This Department will charge a retaliatory fee equal to the fee charged in the applicant's state of domicile, if greater than Tennessee's fee.
- 3. Articles of Incorporation (or Partnership Agreement)**
  - a. Must be certified by the Secretary of State in the state of domicile.
  - b. Must bear the original certification (not a photocopy).
  - c. Must be in the name of the applicant company.
- 4. Proof of Fidelity Bond (ACORD-type binder form preferred)**
  - a. Must meet all requirements for acceptable bonds (next page)
- 5. List of Officers and Directors, with Biographical Affidavits**
  - a. All biographical affidavits must be completed with original signatures and notarization. Every question must be answered. Photocopied biographical affidavits are not accepted.
  - b. The most recent NAIC biographical affidavit form is required. This is available from the State of Tennessee or NAIC at: [http://www.naic.org/documents/industry\\_ucaa\\_form11.doc](http://www.naic.org/documents/industry_ucaa_form11.doc)
- 6. Written Administrative Services Agreement with Tennessee Licensed Insurance Company**
  - a. Must be fully executed (signed by both Administrator and Insurer). If there is not an executed service agreement, you cannot apply for a TPA license in Tennessee.
  - b. Must contain the provisions of Tenn. Code Annotated §56-6-403 through §56-6-409. Compliance with each of these laws must be clearly denoted by the applicant within the written agreement (annotation within the document margin is preferred). If any of these laws do not apply to the applicant, submit a written statement explaining why the law does not apply to the functions performed by this administrator.
  - c. If the TPA performs administration for more than one company, all agreements must be submitted as above and a list of all Insurers your TPA performs administration for in Tennessee.
- 7. Financial Statements**
  - a. Must be no more than six (6) months older than the date of application submission.
  - b. Must be audited by a Certified Public Accountant or attested to by a company officer. If attested, the attestation must refer to the financial statements by date (i.e., "the balance sheet and income statement for the period ending December 31, 2008 are true and correct"). The attestation must bear original signatures and be notarized. Copies of attestations are not accepted.
  - c. Must be in the name of the TPA applicant seeking the Administrator license. We accept consolidated statements if they state separately the amounts of the applicant.
- 8. A List of States Where Applicant Currently Holds a TPA License**

Upon successful review of the TPA application, the applicant will be issued a Certificate of Authority to act as an Administrator in the state of Tennessee for a one (1) year term. The license must then be renewed annually. The Department does NOT send renewal notices. If the license is not renewed before the expiration date, the Administrator will be removed from the list of Licensed Administrators and a new license application in its entirety will be required.

### **Third Party Administrator License in Tennessee Fidelity Bond Requirements**

Tenn. Code Ann. §56-6-410(b) states that a fidelity bond in a form and amount as determined by the Commissioner of Commerce and Insurance shall be obtained by the licensee. The Department has the following policies and procedures concerning bonds:

1. Bonds must be in the name of the TPA, not a parent company, unless specific documentation is provided that the TPA is covered under the parent's bonds as a subsidiary.
2. Bonds must be written by an Insurance Company licensed in Tennessee. The bond must include the full name of Insurance Company and NAIC Company Code number.
3. Bonds must specify a specific beginning date and ending date. The notation "until canceled" is not acceptable.
4. The bond deductible cannot exceed ten percent (10%) of the TPA's Net Worth (shareholder equity ) as determined by the Department of Commerce and Insurance.
5. The TPA licensing section of the Department should be listed as the certificate holder on the bond so as to be notified in the event of bond cancellation. The address should be on the binder form as follows:

TPA Licensing / Financial Affairs Section  
Tennessee Division of Commerce and Insurance  
500 James Robertson Parkway, 4th Floor  
Nashville, Tennessee 37243

- 6.
7. The bond must be for a minimum of \$100,000.
8. Bonds must be of a Fidelity Bond/Crime/Employee Theft type. Financial Institution bonds and Errors and Omissions bonds are unacceptable. The only exception to this is if the Financial Institution bond can be shown to cover employee theft.
9. Acceptable proof of the bond meeting all of these terms is required upon yearly renewal and is subject to verification at any time.
10. Bonds expiring during the duration of a TPA's term of licensure must be kept in force (renewed) or replaced with a comparable bond. Evidence of bond coverage must be kept current with the State of Tennessee Department of Commerce and Insurance to remain in compliance with Tennessee Code Annotated §56-6-410(b).

## **11. THIRD PARTY ADMINISTRATORS (TPA) LICENSING PACKET REQUIREMENTS FOR FILING A LICENSE RENEWAL:**

**NO RENEWAL NOTICES WILL BE SENT.** All required items below must be submitted to the satisfaction of this Department before the expiration date. A renewal license will not be granted until the Department approves all required items.

A renewal package consists of the following five (5) items as listed below:

- 1. Letter of intent to renew containing company contact person information accompanied by a Non-refundable Application Review Fee of \$50.00**
  - a. Payable to: Tennessee Department of Commerce and Insurance.
  - b. This Department will charge a retaliatory fee equal to the fee charged in the Administrator's state of domicile, if greater than Tennessee's fee.
- 2. Proof of Fidelity Bond (ACORD-type binder form preferred)**
  - a. See the Tennessee TPA Fidelity Bond requirements attachment.
- 3. Financial Statements**
  - a. Must be no more than six (6) months older than the date of application submission.
  - b. Must be audited by a CPA or attested to by a company officer. If attested, the attestation must refer to the financial statements by date (i.e., "the balance sheet and income statement for the period ending December 31, 2008 are true and correct."). The attestation must bear original signatures and be notarized. Copies of attestations are not accepted.
  - c. Must be in the name of the TPA applicant seeking the Administrator license. We accept consolidated statements if they state separately the amounts of the applicant.
  - d. Must show a positive Net Worth.
- 4. List of exact names of Insurance Companies Licensed in Tennessee (along with the NAIC Company Code number) that your company is administering for in the State of Tennessee. If you are no longer performing Tennessee administration, you cannot renew your TPA license.**
- 5. Any Amendments to the Previous License Filings. Please submit original NAIC Biographical Affidavits for any new officers or directors.**

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### **• APPLICABLE TENNESSEE INSURANCE LAWS FOR ADMINISTRATORS (TPAs)**

- TITLE 56 – INSURANCE
  - CHAPTER 6 – AGENTS, SOLICITORS AND ADMINISTRATORS
    - PART 4 – ADMINISTRATORS
      - §56-6-401 "Administrator" defined
      - §56-6-402 Agreement required – Records – Terms
      - §56-6-403 Payments handled by administrator
      - §56-6-404 Recordkeeping requirements
      - §56-6-405 Advertising
      - §56-6-406 Administrator's duties as fiduciary
      - §56-6-407 Payment of claims
      - §56-6-408 Administrator's compensation not contingent on claims experience
      - §56-6-409 Notice to insured persons – Notice to persons purchasing coverage
      - §56-6-410 License requirements
      - §56-6-411 Waiver of license requirements
      - §56-6-412 Federally regulated trusts

**For additional information, refer to the Department's website at:  
<http://tn.gov/commerce/insurance/>**



STATE OF TENNESSEE  
 DEPARTMENT OF COMMERCE AND INSURANCE  
 500 James Robertson Parkway, 4th Floor  
 Nashville, Tennessee 37243-1135  
 (615) 741-7520

**LICENSE APPLICATION FOR  
 THIRD PARTY ADMINISTRATOR (“TPA”)  
 OF LIFE AND/OR HEALTH INSURANCE**

On behalf of \_\_\_\_\_, a  
 (Name of Person, Company, Corporation, Partnership, Association or other Legal Entity)

\_\_\_\_\_ with its principal office located at:  
 (Individual, Corporation, Partnership or Association)

\_\_\_\_\_  
 (Street Address) (City) (State) (ZIP)

and Tennessee office of : \_\_\_\_\_  
 (Street Address) (City) (State) (ZIP)

I hereby apply for a TPA License authorizing and empowering the above entity to act as a TPA pursuant to Tenn. Code Ann. §56-6-401.

TPA Application Contact Person or Application Preparer Information (required)	
Name:	
Address:	
City, State, Zip Code:	
Phone Number:	
E-Mail Address:	

FURTHERMORE, I hereby certify that:

- The applicant has a current written agreement between the TPA and an Insurance Company licensed in Tennessee in which the applicant performs TPA services. Such written agreement shall be retained as part of the official records of both the single employer or pool and the TPA for the duration of the agreement and five (5) years thereafter;
- The written agreement shall contain provisions including the requirements of Tenn. Code Ann. §56-6-403 through Tenn. Code Ann. §56-6-409;
- The TPA agrees to abide by all requirements of Tenn. Code Ann. §56-6-401 through Tenn. Code Ann. §56-6-412;
- The applicant has not had a previous application for any license denied for cause within the past five (5) years;
- The applicant has not had any professional, vocational or business license denied, suspended, revoked or restricted by any public authority in this or any other state, nor has such license been subjected to a monetary fine by any public authority or been withdrawn or surrendered to avoid disciplinary action;
- The applicant has not had any judgment rendered against it in any court of any jurisdiction of the United States for its activities relating to the transaction of business as an administrator;
- The applicant has not been declared insolvent or discharged from bankruptcy within the past five (5) years;
- None of its officers and directors have been convicted in a criminal proceeding (excluding minor traffic violations) within the past ten (10) years;
- The applicant has not had a TPA services agreement terminated for any financial reason other than non-production;
- The applicant agrees to provide a client list upon application and upon subsequent renewals.
- This application is to obtain a license to contract as an administrator with the following entity (check all that apply):
  - Commercial insurer \_\_\_\_\_
  - TennCare Program \_\_\_\_\_
  - TennCare Partners Program \_\_\_\_\_

\_\_\_\_\_  
 (Signature) (Title) (Date)

Subscribed and sworn before me, this \_\_\_\_ day  
 of \_\_\_\_\_, 20\_\_

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

(Seal required)

My commission expires on the \_\_\_\_ of \_\_\_\_\_, 20\_\_.