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DEPARTMENT OF COMMERCE AND INSURANCE
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COMMISSIONER

BULLETIN

TO: All Insurers Licensed and Filed to Write Workers' Compensation Insurance

FROM: Julie Mix McPeak, Commissioner Julie Mix McPeak

RE: NCCI Item Filing 02-TN-2012

DATE: December 28, 2012

The Insurance Division of the Department of Commerce and Insurance has reviewed the filed policy procedures for handling Construction Service Providers (CSPs) who work directly for property owners or work on their own property following recent discussions with an agency association, NCCI and the Department of Labor and Workforce Development (See Tennessee Code Annotated § 50-6-902(b)(4) and (5)). After consultation with the Department of Labor and Workforce Development, the Department has determined that CSPs that are not required "to carry workers' compensation insurance on themselves" but nevertheless choose to purchase a policy, would be covered in accordance with the terms and conditions of such policy and Tennessee's workers' compensation law. In order to clarify the proper rating procedures for this exposure, NCCI Item Filing 02-TN-2012 was filed and approved.

After discussing this matter with Tennessee Assigned Risk carriers, the exposures identified above have not been previously rated. With this Filing, we are now encouraging all carriers to inform their policyholders of their premium responsibility and allow at least thirty (30) days' notice before the premium charge is incurred. A premium charge would, however, be appropriate in the unlikely event a claim was filed during this interim period. CSPs that elect to purchase a workers' compensation insurance policy must include the full amount of payroll for the CSP insured on the policy. They should also be informed that they have the option of filing for and obtaining an exemption with the Secretary of State's office to avoid a charge altogether.

The Department received a significant number of comments from employers who were not aware of the requirements of Public Chapter 1149 and were, therefore, surprised by premium charges for coverage on themselves on the premium audit. We are seeking your cooperation in clarifying the rules regarding how premiums are determined in order to avoid misunderstanding in the future.

Should you have any questions on this filing, please contact our Workers' Compensation manager Mike Shinnick at 615-741-0472.

JMM/mrs