



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
Financial Affairs Section / Analytical Unit
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RISK PURCHASING GROUP REGISTRATION PACKET

ALL APPLICATION AND FORMS SHALL BE MAILED TO THE FOLLOWING ADDRESS:

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Tennessee Department of Commerce and Insurance
Financial Affairs Section / Analytical Unit
500 James Robertson Parkway, 4th Floor
Nashville, TN 37243

Questions? Call Joe Walker at 615-741-7520 or email at robert.walker@tn.gov

The Liability Risk Retention Act of 1986 allows insurers licensed in one state to write liability insurance on commercial risks without being licensed in each state in which they do business. This memorandum sets forth the requirements for a purchasing group to operate in Tennessee under this Act.

- I. **PURCHASING GROUP** (A purchasing group that intends to do business in Tennessee shall furnish notice of such intention to the Insurance Commissioner. Such notice shall include the State of Tennessee Department of Commerce and Insurance application for registration as a Risk Purchasing Group with the following information:
 - A. Identify the state in which such group is domiciled;
 - B. Identify all states in which such group is licensed or registered;
 - C. Specify the lines and classifications of liability insurance which the purchasing group intends to purchase;
 - D. Identify the insurance company from which the group intends to purchase insurance and the domicile of such company;
 - E. Identify the principal place of business of the group;
 - F. Purchasing groups shall notify the Commissioner of Insurance as to any subsequent changes in any of its items provided in such notice;
 - G. Purchasing groups must register with and designate the Commissioner of Insurance as their agent solely for the purpose of receiving service of legal documents or process.

- II. **LIABILITY INSURANCE** - Purchasing Groups may purchase liability insurance covering Tennessee residents only from:
 - A. An insurer licensed and admitted to transact business in Tennessee, or
 - B. An insurer approved as a surplus lines insurer in Tennessee and transacting business through a licensed surplus lines agent in accordance with the Tennessee surplus lines law; or
 - C. An insurer properly registered as a risk retention group in Tennessee.

- III. **PREMIUM TAXES** on insurance sold to purchasing groups in Tennessee are two and one half percent (2 ½%) of gross premiums written in Tennessee, payable by the insurer in the case of an admitted carrier, payable on a surplus lines basis through a licensed resident or non-resident agent in the case of a surplus lines insurer or registered risk retention group.

- IV. **ALL ADMITTED INSURERS** selling to purchasing groups with Tennessee members must be licensed insurers in Tennessee. They must comply with all laws, rules, regulations and requirements applicable to insurers licensed in Tennessee, including laws relating to filing of rates and forms. However, an admitted insurer selling to a purchasing group in Tennessee need not comply with Tennessee "fictitious grouping" statute, with respect to sales to registered purchasing groups.

- V. **AGENTS** – Any person acting as an agent or broker for a risk purchasing group must hold or obtain a license from Tennessee. Premium taxes are payable by the agent on a surplus lines basis.



**STATE OF TENNESSEE
APPLICATION FOR REGISTRATION AS A RISK PURCHASING GROUP**

1. List the exact legal name of the Purchasing Group.

2. Indicate the form of organization (i.e. corporation, partnership, etc.)

3. The Purchasing Group is domiciled in the State of: _____

4. List all states in which the Purchasing Group is licensed or intends to do business.

5. List any other names under which the Purchasing Group has done or is doing business in the State of Tennessee or any other State if different than above.

6. List the complete home office physical address of the Purchasing Group.

7. List the mailing address if different from above.

8. List the name, address and telephone number of the principal staff person or officer of the purchasing group who can be contacted regarding the insurance program, membership criteria, coverage, and key personnel of the group's administrator and insurance carrier.

Name	Address	Telephone #
_____	_____	_____
_____	_____	_____
_____	_____	_____

9. List the name, address and telephone number of the firm that acts as the administrator of the purchasing group and the name of the principal account executive responsible for the group's insurance program. (If none, answer none).

Company's Name Contact Name	Address	Telephone #
_____	_____	_____
_____	_____	_____

10. List the name of the principal agent or broker responsible for the sale of purchase or the group's liability insurance. (If none, answer none).

11. List the names, addresses and occupations of the principal officers and directors of the Purchasing Group. Attach additional pages if necessary.

Principal Officers:

Name	Address	Occupation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Principal Directors:

Name	Address	Occupation
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

12. The Purchasing Group is composed of members whose business or activities are similar or related with respect to the liability to which members are exposed by virtue of any related, similar, or common business, trade, product, services, premises or operations. Give a general description of business or activities engaged in by purchasing group members:

13. The Purchasing Group intends to purchase the following lines and classifications of liability insurance:

14. The Purchasing Group intends to purchase the liability insurance described in item (13) above from the following insurance company or companies. Give full name of company, state of domicile and FEIN:

Name	State of Domicile	FEIN#
_____	_____	_____
_____	_____	_____

NOTE: Purchasing Groups may purchase liability insurance covering Tennessee residents only from:

- *An insurer licensed and admitted to transact business in Tennessee; or*
- *An insurer approved as a surplus lines carrier in Tennessee and transacting business through a licensed surplus lines agent in accordance with the Tennessee surplus lines law; or*
- *An insurer properly registered as a risk retention group in Tennessee.*

15. List the name and address of the licensed agent or broker through whom purchase will be effected. Complete this item only if purchase of insurance is to be made from surplus lines insurer, rather than from a licensed insurer.

Name	Address	Occupation
_____	_____	_____
_____	_____	_____
_____	_____	_____

16. If the purchasing group transacts insurance business by means of a “direct offering” (without using insurance agents to market its program), list the name and address of each person not listed in (14) above who will be transacting business on behalf of the purchasing group. (You need not include the names of licensed insurance agents duly appointed by an admitted insurer.)

Name	Address	Occupation
_____	_____	_____
_____	_____	_____
_____	_____	_____

17. Has any person transacting business on behalf of this Purchasing group ever:
- Been arrested, indicted and convicted of a felony, or is a felony charge currently pending against any such person? _____
 - Been denied any application for a professional, vocation or business license? _____
 - Had any such license suspended or revoked? _____
 - Had application of license withdrawn or surrendered due to potential disciplinary action against licensee? _____

(Answer all four individual questions. If the answer to any question is ‘yes’, attach a supplementary statement explaining in full each such occurrence.)

Tenn. Code Ann §56-45-108 states, a purchasing group shall, within ten (10) days, notify the Commissioner of any changes in any of the items above.

We do hereby swear and affirm that the aforementioned statements and information are true and correct.

 President or Chief Executive Officer

 Secretary

Sworn before me this _____ day of _____, 20_____.

Notary Public, State of _____.

My Commission Expires _____.

(seal)

NOTICE:

Some of the purchasing groups, which have made filings in Tennessee, have indicated that they will purchase insurance from insurers who are neither:

1. Registered risk retention groups in Tennessee,
2. Admitted carriers in Tennessee, nor
3. Approved surplus lines carriers in Tennessee.

A purchasing group must purchase from one of these entities in order to be exempt from Tennessee laws prohibiting purchasing insurance on a group basis.

Also, please note that purchasing groups must purchase their insurance through licensed Tennessee resident or non-resident agents.

Premium taxes are payable by the agent on a surplus lines basis, except for admitted carriers who should include these premiums on their regular returns due March 1, June 1, September 1 and December 1.

In addition, risk purchasing groups must complete and submit the enclosed form for appointment of the commissioner as agent for service of process.

Failure to comply with any of the requirements set fourth may result in your disqualification to conduct business in Tennessee.

Risk Purchasing Groups

Know All Men By These Presents:

That the
 a corporation created by and organized under the laws of
 and thereby authorized to transact the business of
 within the State of Tennessee, pursuant to the laws thereof, does, by these presents, authorize The
 Commissioner of The Department of Commerce and Insurance and Deputy Commissioner in and for the
 said State of Tennessee, to acknowledge service of all legal process, whether mesne or final, for and in
 behalf of it, the said corporation above named, in said State of Tennessee in any judicial proceeding
 which may, within the said State of Tennessee, be instituted against it, the said Company, or to which it
 may be a party; and the said does
 hereby, in consideration of the privilege of doing business in said State as aforesaid, consent to and with
 said State of Tennessee, for the benefit of all persons concerned, that service of any such process upon
 such Commissioner of The Department of Commerce and Insurance or Deputy Commissioner shall be
 taken and held to be as valid as if served upon it, the said Company above named, according to the laws
 of said State of Tennessee, or of any other State; and the said
 does hereby further consent that in case it, the said Company above named, shall
 cease to transact business in the said State of Tennessee, said Commissioner of The Department of
 Commerce and Insurance and Deputy Commissioner shall be considered and held as continuing to be
 Attorney for it, the said Company, for the purpose of process as aforesaid, in any action against it, the said
 Company above named, upon any policy or liability issued or contracted during the time the said
 Company transacted business in the said State of Tennessee.

In Witness whereof, the said Company, in accordance with a resolution of its Board of Directors, duly
 adopted by said Board, on the day of A.D. 20, (a certified
 copy whereof is hereunto attached), hath to these presents affixed its corporate seal, and caused the same
 to be subscribed and attested to by its President and Secretary, at the City of
 in the State of on the day of
 A.D. 20 President.

Attest:

..... Secretary.

Company's Name

[Insert the company name, (A Risk Purchasing Group)]
Secretary's Certificate

On DATE the Board of Directors of [insert the Company's Name (A Risk Purchasing Group)], by unanimous consent, adopted the following resolution:

RESOLVED: That the appropriate officers of the Corporation are hereby authorized and directed to execute forms designating the Commissioner of the Insurance Department of each state in which the Corporation will operate as its agent solely for the service of legal process, in accordance with the Act. The appropriate officers of the Corporation are specifically authorized by this Resolution to execute such forms in such manner as may be required by each state in which the Corporation will operate, and to certify that this Resolution authorizes them to so act.

I HEREBY CERTIFY, that the above is a true copy of the Resolution of the directors of the [insert the Company's Name (A Risk Purchasing Group)] authorizing the appointment of an Attorney for the State of Tennessee, as recorded by me.

Name (Secretary)