



**STATE OF TENNESSEE**  
**DEPARTMENT OF COMMERCE AND INSURANCE**

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**REPORT ON EXAMINATION**  
**OF**  
**PREMIER GROUP INSURANCE COMPANY**  
**(NAIC # 10800)**  
**MURFREESBORO, TENNESSEE**

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**AS OF**  
**DECEMBER 31, 2019**

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Murfreesboro, Tennessee  
December 15, 2020

Honorable Carter Lawrence  
Commissioner  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-1-408, a full-scope financial examination and market conduct review, as of December 31, 2019, has been made of the conditions and affairs of:

**PREMIER GROUP INSURANCE COMPANY**

NAIC # 10800  
100 East Vine Street  
Murfreesboro, TN 37130

hereinafter referred to as the “Company” or “PGIC” and a report thereon is submitted as follows:

**INTRODUCTION**

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”). The examination was conducted by duly authorized representatives of the Department. This examination was coordinated with other states pursuant to National Association of Insurance Commissioners (NAIC) guidelines. Further description of the coordination effort between the states is discussed below under the heading “Scope of Examination.”

**SCOPE OF EXAMINATION**

The last examination of the Company was made as of December 31, 2014. This examination covers the period January 1, 2015, through December 31, 2019, and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

The Company is a member of the National HealthCare Corporation Group (NHC). The following are the insurance companies within the group that were part of the coordinated examination, and their respective domiciliary states, as of December 31, 2019:

NHC Advantage, LLC (Missouri)  
Premier Group Insurance Company (Tennessee)

Tennessee is the Lead State of the NHC Group.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with practices and procedures promulgated by the NAIC in the *Financial Condition Examiners Handbook* (“Handbook”), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company, as of December 31, 2019. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management’s compliance with statutory accounting principles and annual statement instructions.

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Investments; Reserves/Claims; Related Party; and Capital and Surplus.

The Company’s 2019 annual statement was compared with or reconciled to the corresponding general ledger account balances.

A separate market conduct review was performed concurrently with the financial examination. See “Market Conduct Activities” section of this report.

The Company’s parent, NHC, maintains an Internal Audit (IA) Department, which is charged with performing the IA function for all companies within the holding company system. IA activities focus on Sarbanes-Oxley (SOX) compliance testing. The scope of SOX testing included the Company’s internal controls over financial reporting. The examiners reviewed the processes tested and requested the workpapers for specific processes which had been identified as significant to the key activities and sub-activities being examined. The workpapers were provided and were utilized, where appropriate.

Independent information technology specialist services, provided by Examination Resources, LLC, were utilized in the examination review of the Company's information technology general controls (ITGC).

The actuarial firm of Taylor-Walker Consulting, LLC was utilized in the examination review of the Company's statutory reserves, as well as the risk assessment and review of certain controls for Reserving and Claims Handling risks.

The Company's Certified Public Accountant (CPA) workpapers were reviewed for the 2019 audit and copies were incorporated into the examination, as deemed appropriate.

## **COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS**

There were two (2) recommendations pertaining to investments in the prior examination report, as of December 31, 2014. A description of the prior recommendations and the Company's subsequent compliance are described below.

- As of December 31, 2014, the Company had aggregate bond investments issued by foreign (non-United States) entities in excess of amounts allowed under Tenn. Code Ann. §§ 56-3-402 and 56-3-403. This violation resulted in a \$2,953,614 decrease to Bonds. It is recommended that the Company liquidate foreign investments, so that its foreign investment holdings are equal to or less than amounts allowed under the Tenn. Code Ann. §§ 56-3-402 and 56-3-403. It is further recommended the Company comply with the statutory investment limitations going forward.
- The Company's Board of Directors ("Board") did not approve investment transactions, which is in violation of Tenn. Code Ann. § 56-3-408. It is recommended that the Board approve investment transactions and document this approval in the minutes to the Board meetings.

The Company implemented all changes recommended by the TDCI from the prior examination.

## COMPANY HISTORY

The Company, previously known as NHC Insurance Company, was incorporated on February 15, 1983, as a casualty insurance company under the statutes of the State of Tennessee. Initially, the Company was one hundred percent (100%) owned by National Health Corporation. On January 6, 1987, the owner of record changed from National Health Corporation to National HealthCorp L.P. The Company remained dormant until December 31, 1996, at which time it filed for a Certificate of Authority to transact casualty business in Tennessee.

On May 29, 1997, the Company received its Certificate of Authority to transact the business of "Casualty (Workers Compensation Only)." The Company was then capitalized with the sum of \$2,700,000. The previously issued stock certificate of one thousand (1,000) shares was canceled and a new certificate for one million (1,000,000) shares was issued in the name of the new shareholder, National HealthCare L.P.

Effective December 31, 1997, National HealthCare L.P. was merged into National HealthCare Corporation (NHC), and the ownership of the Company was transferred to NHC/OP, L.P., a one hundred percent (100%) owned subsidiary of NHC. On November 25, 1998, the Company requested that the restriction of "Workers Compensation Only" be removed from the original Certificate of Authority. An amended Certificate of Authority, dated January 25, 1999, was issued authorizing the Company to transact the business of "Casualty."

On June 19, 2001, Articles of Amendment to the Charter were filed with the Secretary of State's office to change the Company name to Premier Group Insurance Company, Inc. Articles of Amendment to the Charter were filed with the Secretary of State's office on November 5, 2001, to change the Company name to Premier Group Insurance Company, and again on July 29, 2003, to change the maximum number shares of stock the Company was authorized to issue from one million (1,000,000) to one million and five hundred thousand (1,500,000) shares. A twenty percent (20%) stock dividend was distributed on July 14, 2003, bringing the number of issued shares to one million and two hundred thousand (1,200,000). A new Certificate of Authority dated November 5, 2001, was issued authorizing the Company to transact the business of "Casualty."

The corporation's existence is perpetual, and its principal corporate office is established at 100 Vine Street, Suite 1400, Murfreesboro, TN 37130.

## MANAGEMENT AND CONTROL

### MANAGEMENT

#### Directors

The Company's Bylaws require that an annual meeting of the stockholders be held by May 31 of each year to elect directors and to transact such other business. All meetings of the stockholders shall be held at the principal office of the corporation, or at such other place or places as the Board may determine, or that may be consented to by the holders of all outstanding stock. The number of Directors shall be not less than three (3) in number. Directors are not required to be stockholders. Directors shall be elected at the annual meeting of the stockholders, and each Director shall be elected to serve for the ensuing year or until his qualified successor is elected.

The following persons were duly elected by the stockholders on May 24, 2019, and were serving as members of the Board, as of December 31, 2019:

<u>Name</u>	<u>Principal Occupation</u>
Stephen Fowler Flatt	Chairman of the Board; Chief Executive Officer, NHC
Robert Michael Ussery	President and Chief Operating Officer, NHC
Christopher Steve West	Vice-President, Human Resources, NHC

#### Officers

The Bylaws provide that the officers of the corporation shall consist of a Chairman of the Board, President, one or more Vice-Presidents, a Secretary, a Treasurer, and such other officers that, from time to time, may be elected by the Board.

The following officers were duly elected by the Board on May 24, 2019, and were serving as officers of the Company, as of December 31, 2019:

<u>Name</u>	<u>Title</u>
Stephen Warner Burns	President
William Porter Nelms, Jr.	Vice President and Secretary
Jeffrey Russell Smith	Treasurer

The administrative and executive functions of the Company are performed by staff employed through its ultimate parent, NHC, and provided to the Company under the recitals of an Administrative Agreement between the Company and NHC as described in this report under the heading "Agreements with Parent and Affiliates." Certain services, such as actuarial analysis, are purchased from outside contractors, if needed, and not available from in-house personnel.

## Committees

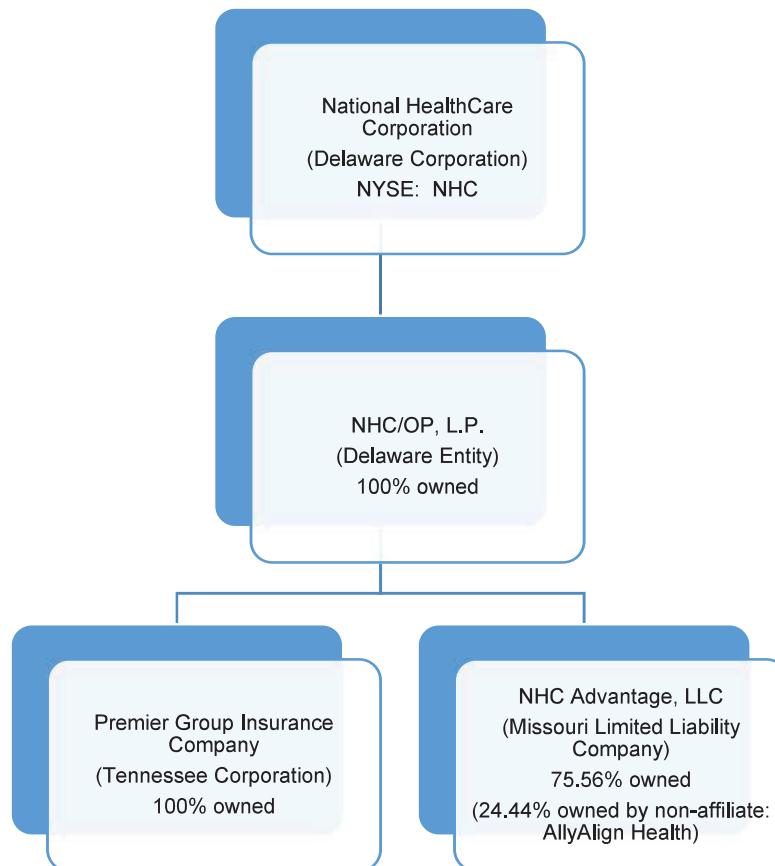
The Company only has an Audit Committee, which is comprised of all members of the Board.

## CONTROL

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(7), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. §§ 56-11-101, *et seq.* The Company is wholly-owned by NHC/OP, L.P. (a Delaware Limited Partnership). NHC/OP, L.P. is one hundred percent (100%) owned by NHC. The Company files a holding company registration statement annually, as required by Tenn. Code Ann. § 56-11-105.

## ABBREVIATED ORGANIZATIONAL CHART

The following abbreviated organizational chart shows all the insurance companies and their respective domiciliary states within the NHC insurance holding company system:





## **DIVIDENDS**

During the period under examination, the Company declared and paid dividends to its shareholders. The Company gave proper notice of its ordinary and extraordinary dividends to the TDCI, as required by Tenn. Code Ann. §§ 56-11-105(e) and 56-11-106(b).

The following table lists each dividend amount and the date the Company notified the TDCI of the dividend.

<u>Year</u>	<u>Ordinary (O) or Extraordinary (E)</u>	<u>Notification Date</u>	<u>Dividend Amount</u>
2019	O	05/24/2019	\$3,950,000
2018	O	05/24/2018	3,800,000
2016	O	12/09/2016	<u>3,000,000</u>
Total paid during period of examination			<u>\$10,750,000</u>

## **CORPORATE RECORDS**

The minutes of meetings of the Company's shareholders and Board were reviewed for the period under examination. The minutes were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. The review of the minutes indicates that all investment transactions were approved by the Board, pursuant to Tenn. Code Ann. § 56-3-408(b)(1).

The Bylaws of the Company, in effect at December 31, 2019, are the Company's Amended Bylaws that were adopted by the shareholders on May 15, 2007. The amendment to the Bylaws provided authority for holding the annual shareholder meeting by the end of May each year instead of February.

The Bylaws provide for an annual shareholders' meeting at which a Board is elected. Officers are elected by the Board. The Bylaws are such as generally found in corporations of this type and contain no unusual provisions. The Bylaws provide for the regulation of the business and for the conduct of the affairs of the Company, the Board, and its shareholders.

## AGREEMENTS WITH PARENT AND AFFILIATES

The Company had the following significant agreements with its parent and affiliated companies in effect, as of December 31, 2019:

### **Administrative Agreement with NHC**

The Company has an administrative agreement with NHC, the ultimate parent. The agreement was made effective on January 1, 2010, and was approved by the TDCI on February 24, 2010. The original term was three (3) years, ending December 31, 2012, to be automatically renewed for one (1) year, and shall so renew each year, from year to year, on the same terms and conditions. Either party shall have the right to terminate the agreement by giving written notice at least sixty (60) days prior to the end of the then current contract term.

As the Company has no employees of its own, except for two (2) claims adjusters, all services necessary to its business are provided by NHC, pursuant to the Agreement. The compensation paid by the Company to NHC is a percentage of all written premiums. Amounts due are reconciled and paid within thirty (30) days at the end of each calendar month.

### **Reinsurance Agreement with Premier Plus Insurance Company, Ltd.**

The Company has an excess of loss reinsurance agreement with Premier Plus Insurance Company, Inc., an affiliated company domiciled in the Cayman Islands. Refer to the section "Reinsurance" for further information.

## TERRITORY AND PLAN OF OPERATION

### **TERRITORY**

The Company is a stock for-profit property and casualty insurance company domiciled in Tennessee and licensed to transact business in the following states:

Alabama	Kansas	New Hampshire
Arizona	Kentucky	South Carolina
Florida	Massachusetts	Tennessee
Georgia	Missouri	Virginia

Certificates of Authority granted by the licensed states were reviewed and found to be in force at December 31, 2019. The Company currently has no applications pending for admission to any other states or territories.

## **PLAN OF OPERATION**

The Company issues Workers' Compensation and Employers' Liability policies to healthcare facilities owned or managed by NHC. The Company retains the first one million dollars (\$1,000,000) of each occurrence.

The Company does not market or utilize agents for promotion of the workers' compensation product. The product is underwritten by the Company, specifically to any affiliate within the NHC.

## **GROWTH OF COMPANY**

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements filed with the TDCI. Totals shown below may not reflect actual figures due to immaterial rounding differences:

<b><u>Year</u></b>	<b><u>Admitted Assets</u></b>	<b><u>Liabilities</u></b>	<b><u>Capital and Surplus</u></b>	<b><u>Premiums Earned</u></b>	<b><u>Net Income</u></b>
2019	\$58,902,062	\$20,274,781	\$38,627,280	\$13,905,420	\$2,954,552
2018	\$59,672,872	\$20,129,603	\$39,543,270	\$15,272,671	\$3,566,224
2017	\$58,990,530	\$20,043,540	\$38,946,990	\$16,944,344	\$3,930,946
2016	\$55,400,884	\$20,404,545	\$34,996,339	\$15,529,967	\$2,894,316
2015	\$54,544,042	\$19,642,289	\$34,901,753	\$14,640,275	\$2,507,818

## **LOSS EXPERIENCE**

As developed from applicable amounts included in the Company's annual statements, the ratios of losses and loss adjustment expenses (LAE) incurred to earned premiums, for the period subject to this examination were as follows:

<b><u>Workers' Compensation</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Net incurred claims	\$4,838,012	\$5,474,292	\$4,948,622	\$5,348,450	\$5,072,150
Net premiums earned	\$13,905,420	\$15,272,671	\$16,944,344	\$15,529,967	\$14,640,275
Loss experience ratio	34.79%	35.84%	29.21%	34.44%	34.65%

## REINSURANCE AGREEMENTS

### Assumed Reinsurance

The Company assumes Workers' Compensation and Employers' Liability policies written by Zurich American Insurance Company. This business was written to cover healthcare facilities owned or managed by NHC in states other than Tennessee, where the Company was not licensed. Beginning in 2005, the Company ceased assuming business from Zurich American Insurance Company and began writing the policies on a direct basis as it received licenses in other states. This treaty remained in run-off as of the examination date.

### Ceded Reinsurance

The Company carries an excess of loss reinsurance treaty with coverage of \$9,000,000 in excess of a retention of \$1,000,000 per occurrence. The treaty, effective January 1, 2012, indemnifies the Company in respect to the excess liability of any loss which may attach under new or renewal policies in force at the effective date, or issued or renewed on or after that date that was classified by the Company as Workers' Compensation and Employers' Liability. This excess policy is written by Premier Plus Insurance Company, Ltd., an affiliated company domiciled in the Cayman Islands and an unauthorized reinsurer.

Premiums payable under this treaty are retained by the Company as collateral for ceded reserves. Total premiums payable was approximately \$1,800,000.

During the course of the examination, it was noted the Company reports the funds withheld balance as Ceded Reinsurance Payable on line 12, page 3 of the 2019 Annual Statement. This amount should be reported on line 13, page 3, Funds Held by Company Under Reinsurance Treaties. See "Comments and Recommendations" section of this report.

## ACCOUNTS AND RECORDS

During the course of the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the annual statement. All of the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed. These test checks and reviews revealed no material discrepancies.

There was a discrepancy noted regarding the funds withheld under reinsurance treaties balance being reported on the incorrect line in the annual statement. See the “Reinsurance Agreements” and “Comments and Recommendations” sections of this report for more detail. The Company’s books and records are located in Murfreesboro, Tennessee.

## **MARKET CONDUCT ACTIVITIES**

A market conduct review was made of the Company, as of December 31, 2019, in conjunction with this examination. The following items were addressed:

### **Operations and Management Standards**

Company antifraud initiatives were collected as part of the financial portion of the exam. The examiners reviewed language to determine if they are reasonably designed to prevent, detect, or mitigate fraudulent insurance acts. No exceptions were noted.

### **Complaint Handling Standards**

The Company did not have any recorded complaints for the examination period. The Company does not maintain written complaint procedures. The Company maintains a complaint register, as required by various state Unfair Trade Practices Acts, and the register is maintained for a minimum of five (5) years in accordance with the statutory requirements. The complaint register was examined in accordance with the requirements of Tenn. Code Ann. § 56-8-104(11) and the NAIC *Market Regulation Handbook* (“Market Handbook”). No exceptions were noted that required disclosure in the report.

### **Policyholder Services Standards**

The Company, as well as the entities it insures, are all subsidiaries of the same parent company, NHC. It was noted the policies are renewed annually for the entire book of business. No exceptions were noted.

### **Underwriting and Rating Standards**

The Company contracts with the National Council on Compensation Insurance, Inc. to provide its policy forms and to make its rate filings. No exceptions were noted.

### **Advertising**

The Company did not use any advertising to market their products. No evidence to the contrary was identified as a result of this examination.

### **Claims Handling Standards**

In the examination of claims handling practices, the Company’s efficiency of claim handling, accuracy of payment, adherence to contract provisions, and compliance with

applicable statutes and rules were examined. In conducting the examination, random samples were selected for paid, open, and denied/closed without payment from claims provided by the Company.

In the review of paid claims, it was noted that the Company failed to maintain proper documentation in its claims' files. The Company was not able to produce the First Report of Payment of Compensation in some files (Tenn. Comp. R. & Regs. 0800-02-14-.04(7)), and the required forms for Permanent Impairment Rating and Date of Maximum Medical Improvement in some files (Tenn. Comp. R. & Regs. 0800-02-14-.08(1)). Also, in general, the Company files did not include documentation of communications with insureds, claimants, and physicians. See "Comments and Recommendations" section in this report.

In the review of open claims, it was noted that the Company failed to maintain proper documentation in its claims' files. The Company was not able to produce the First Report of Payment of Compensation in some files (Tenn. Comp. R. & Regs. 0800-02-14-.04(7)), the initial contact letter in a file (Tenn. Comp. R. & Regs. 0800-02-14-.05(1)), and the required forms for Permanent Impairment Rating and Date of Maximum Medical Improvement in a file (Tenn. Comp. R. & Regs. 0800-02-14-.08(1)). Also, generally, the Company files did not include documentation of communications with insureds, claimants, and physicians. See "Comments and Recommendations" section in this report.

It is recommended that the Company establish written standards for file maintenance and recordkeeping. The Company is required per Tenn. Code Ann. § 56-8-104(10) that it maintain records "accessible and retrievable for examination by the insurance commissioner." The Company should also establish a system of documenting communications with insureds, claimants, and physicians in its files. At a minimum, the files should contain the communications required by Tenn. Comp. R. & Regs. 0800-02-14-.05(2), and Tenn. Comp. R. & Regs. 0800-02-14-.05(4).

## **SUBSEQUENT EVENTS**

During the examination, a review of subsequent events was performed. No events were noted that required additional disclosure in this examination report. Management stated in its examination Letter of Representation that they were not aware of any events subsequent to December 31, 2019, that could have a material effect on the Company's financial condition. A review performed during the examination confirmed the Company's disclosures in its 2019 Annual Statement and in its Letter of Representation.

## FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, surplus, and other funds, and a summary of operations, as of December 31, 2019, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2019 Annual Statement. Totals shown below may not reflect actual figures due to immaterial rounding differences.

### ASSETS

	<u>Assets</u>	<b>Non-Admitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$54,129,540	\$114,787	\$54,014,753
Cash, cash equivalents, and short-term investment	3,829,275		3,829,275
Investment income due or accrued	358,816		358,816
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	316,004	316,004	0
Deferred premiums and agents' balances and installments booked but deferred and not yet due	48,194		48,194
Current federal income tax recoverable	132,782		132,782
Net deferred tax asset	488,391	54,856	433,535
Guaranty funds receivable	62,314		62,314
Furniture and equipment	33		33
Aggregate write-ins for other than invested assets	<u>58,432</u>	<u>36,072</u>	<u>22,360</u>
<b>Totals</b>	<b><u>\$59,423,781</u></b>	<b><u>\$521,719</u></b>	<b><u>\$58,902,062</u></b>

**LIABILITIES, SURPLUS, AND OTHER FUNDS**

Losses		\$10,980,495
Loss adjustment expense		6,003,249
Other expenses (excluding taxes, licenses and fees)		208,899
Taxes, licenses and fees		219,092
Unearned premiums		243,406
Ceded reinsurance payable		1,881,528
Amounts withheld or retained by company for account of other		8,511
Remittances and items not allocated		297
Aggregate write-ins for liabilities		<u>729,304</u>
Total Liabilities		\$20,274,781
Common capital stock	\$1,200,000	
Gross paid in and contributed surplus	1,700,000	
Unassigned funds (surplus)	<u>35,727,280</u>	
Surplus as regards policyholders		<u>38,627,280</u>
<b>Totals</b>		<b><u>\$58,902,062</u></b>



## STATEMENT OF INCOME

### **UNDERWRITING INCOME**

Premiums earned	\$13,905,420
DEDUCTIONS:	
Losses incurred	4,838,012
Loss adjustment expenses incurred	2,951,604
Other underwriting expenses incurred	<u>3,686,764</u>
Total underwriting deductions	<u>11,476,381</u>
Net underwriting gain (loss)	<u>2,429,039</u>

### **INVESTMENT INCOME**

Net investment income earned	1,378,506
Net realized capital gains less capital gains tax of	<u>7,725</u>
Net investment gain	<u>1,386,232</u>

### **OTHER INCOME**

Aggregate write-ins for miscellaneous income	<u>(46,040)</u>
Total other income	<u>(46,040)</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income tax	<u>3,769,231</u>
Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income tax	<u>3,769,231</u>
Federal and foreign income taxes incurred	814,679
<b>Net Income</b>	<b><u>\$2,954,552</u></b>

## CAPITAL AND SURPLUS ACCOUNT

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Surplus as regards policyholders December 31, previous year	<u>\$39,543,269</u>	<u>\$38,946,989</u>	<u>\$34,996,338</u>	<u>\$34,901,752</u>	<u>\$33,602,395</u>
Net income or (loss)	2,954,552	3,566,224	3,930,943	2,894,316	2,507,818
Change in net deferred income tax	29,492	(182,585)	(672,254)	(201,136)	516,850
Change in non-admitted assets	49,967	1,012,640	691,963	401,406	(1,725,311)
Dividends to stockholders	<u>(3,950,000)</u>	<u>(3,800,000)</u>	<u>0</u>	<u>(3,000,000)</u>	<u>0</u>
Net change in capital and surplus for the year	<u>(915,989)</u>	<u>(596,280)</u>	<u>3,950,651</u>	<u>94,586</u>	<u>1,299,357</u>
Surplus as regards policyholders December 31, current year	<u>\$38,627,279</u>	<u>\$39,543,269</u>	<u>\$38,946,989</u>	<u>\$34,996,338</u>	<u>\$34,901,752</u>

## ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus

\$38,627,279

Total capital and surplus, as established by this examination, is the same as what was reported by the Company in its 2019 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2019.

## COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

### Comments

None.

### Recommendations

1. During the course of the examination, it was noted the Company reports an amount for Ceded Reinsurance Payable on line 12, page 3 of the 2019 Annual Statement. This amount represents Funds Held by Company Under Reinsurance Treaties, which should be reported on line 13, page 3. As the Company is not in compliance with Tenn. Code Ann. § 56-1-501(b), it is recommended that the Company complete and file its Annual Statement in accordance with the annual statement instructions established by the Commissioner and in accordance with Tenn. Code Ann. § 56-1-501(b). See the "Accounts and Records" and "Reinsurance Agreements" sections of this report.
2. During the market conduct review, there were instances of non-compliance with paid and open claims. In some instances, the Company was not in compliance with Tenn. Comp. R. & Regs. 0800-02-14-.04(7) regarding documentation related to the First Report of Payment of Compensation. In other instances, the Company was not in compliance with Tenn. Comp. R. & Regs. 0800-02-14-.08(1) regarding documentation related to Permanent Impairment Rating and Date of Maximum Medical Improvement. Finally, there is an instance where the Company was not in compliance with Tenn. Comp. R. & Regs. 0800-02-14-.05(1) regarding documentation related to the Initial Contact Letter. It is recommended the Company establish written standards for file maintenance and recordkeeping, in order to comply with Tenn. Comp. R. & Regs. 0800-02-14-.04(7), 0800-02-14-.08(1), and 0800-02-14-.05(1). See the "Market Conduct Activities" section of this report.

## CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Premier Group Insurance Company.

In such manner, it was found that as of December 31, 2019, the Company had admitted assets of \$58,902,062 and liabilities, exclusive of capital and surplus, of \$20,274,781. Thus, there existed for the additional protection of the policyholders, the amount of \$38,627,280 in the form of common capital stock, gross paid in and contributed surplus, and unassigned funds. Tenn. Code Ann. §§ 56-2-114 and 56-2-115 require an insurer of this Company's type to maintain a minimum capital of \$1,000,000 and minimum surplus of \$1,000,000. For this examination, as of December 31, 2019, the Company maintains capital and surplus sufficient to satisfy those requirements.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Jay Uselton, CFE and Rhonda Bowling-Black, CFE, Insurance Examiners from the State of Tennessee, and James Gowins, CISA, AES, AFE, MCM and Miryam Ramirez, MCM, Insurance Examiners with Examination Resources, LLC, representing the State of Tennessee, participated in the work of this examination. An actuarial review was performed by Solomon Frazier, FCAS, MAAA, of the actuarial firm Taylor-Walker Consulting, LLC.

Respectfully submitted,



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Renee Hanshaw, CPA, CFE  
Examiner-in-Charge  
Examination Resources, LLC  
Representing the State of Tennessee



---

A. Jay Uselton, CFE  
Department Designee  
State of Tennessee

**AFFIDAVIT**

The undersigned deposes and says that she has duly executed the attached examination report of Premier Group Insurance Company located in Murfreesboro, Tennessee, dated December 15, 2020, and made as of December 31, 2019, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says she is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of her knowledge, information, and belief.

*Renee Hanshaw*

Renee Hanshaw, CPA, CFE  
Examiner-in-Charge  
Examination Resources, LLC  
Representing the State of Tennessee

State Nevada

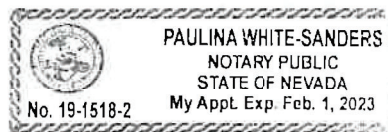
County Washoe

Subscribed to and sworn before me

this 11th day of June, 2021

  
\_\_\_\_\_  
(NOTARY)

My Commission Expires: Feb. 1, 2023



# AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Premier Group Insurance Company located in Murfreesboro, Tennessee, dated December 15, 2020, and made as of December 31, 2019, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.

A. Jay Uselton, CFE  
Department Designee  
State of Tennessee

State Tennessee

County Davidson

Subscribed to and sworn before me

this 14<sup>th</sup> day of June, 2021

(NOTARY)

My Commission Expires: 1/6/2025



# **EXHIBIT B**



Premier Group Insurance

June 16, 2021

E. Joy Little  
Director of Financial Examinations/Chief Examiner  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Nashville, TN 37243-1135

**RE: Report of Examination – Premier Group Insurance Company**

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Premier Group Insurance Company, made as of December 31, 2019.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

A handwritten signature in black ink, appearing to read "S.W.B.", with a long, sweeping horizontal line extending to the right.

**Stephen W. Burns**  
**President**