



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
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JULIE MIX McPEAK
COMMISSIONER

January 17, 2013

Honorable David Lillard, Jr., Chair
Tennessee Workers' Compensation Advisory Council
Treasurer, State of Tennessee
State Capitol, First Floor
Nashville, TN 37243-0225

Dear Chairman Lillard:

Tenn. Code Ann. §50-6-402(d) requires that the Commissioner of Commerce and Insurance report to the Workers' Compensation Advisory Council regarding all workers' compensation filings made by the designated rate service organization and received by this Department.

Attached to this letter, please find a summary of all NCCI filings made in Tennessee for the period October 1, 2012 through December 31, 2012. This Department appreciates the role that the Workers' Compensation Advisory Council provides in the area of workers' compensation regulation.

Should you or any member have questions or comments concerning this report, please do not hesitate in contacting me or a member of my staff.

Sincerely,


Julie Mix McPeak
Commissioner

JMM/ms

NCCI Filing Activity Report:

Summary as of December 31, 2012

(includes filings received October 1, 2012 and later)

1. **02-TN-2012: Revision to Basic Manual State Rule Exceptions for Rule 2-E-1-B and Rule 2-E-3**

Filed: October 26, 2012

Effective Date: December 1, 2012 applicable to new, renewal, and outstanding voluntary and assigned risk policies

Status: Approved November 5, 2012

PURPOSE

Tennessee state rule exception 2-E-1-b relating to Executive Officers in the construction industry and 2-E-3 relating to Partners, Sole Proprietors, and LLC Members also in the construction industry, were revised in the ***Basic Manual for Workers Compensation and Employers Liability Insurance ("Basic Manual")***.

BACKGROUND

These rule exceptions were originally put in place to determine "chargeable payroll" for Commercial Construction Projects". The "Commercial" reference was removed effective October 1, 2011 in order to allow companies to adjust payroll for non-commercial construction projects by separating payroll for "handymen" working for property owners and owners working on their own property from other chargeable payroll. It was later determined that it was inappropriate to exclude payroll for owners and executive officers when they were in fact covered under workers' compensation policies.

PROPOSED

The revisions shown above were made in the ***Basic Manual*** to:

1. Include rating information for Construction Service Providers (CSPs) pursuant to the Tenn. Code Annotated 50-6-902(a) and (b) who are otherwise exempt from "carry[ing] workers' compensation on themselves", yet they chose to purchase a policy.
2. Add the term "commercial" to the phrase "nonexempt construction projects".

IMPACT

This revision of Basic Manual Rules 2-E-1-b and 2-E-3 clarifies that an appropriate premium charge is to be made for "handymen" working for property owners and owners working on their own property, unless these CSPs have a valid exemption on record with the Secretary of State.