

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

Financial Affairs Section / Analytical Unit Third Party Administrator Licensing 500 James Robertson Parkway, 4th 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, 4th Floor
Nashville, Tennessee 37243

Questions? Call Joe Walker at 615-741-7520 or email at 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

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

Tennessee Code Annotated §56-6-410(b) states that a fidelity bond in a form and amount as determined by the Commissioner of 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 bond.
- 2. Bonds must be written by a Tennessee Licensed Insurance Company.
- 3. Bonds must specify a specific beginning date <u>and</u> ending date. The notation "until canceled" is not acceptable.
- 4. The bond deductible cannot exceed 10% of the TPA's net worth (shareholder equity) as determined by the Department of Insurance.
- 5. The deductible amount must be shown on the bond.
- 6. The Department of Commerce and Insurance should be listed as 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

- 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, surety bonds and Errors and Omissions bonds are unacceptable. The only exception to this is if a 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).

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 <u>before the expiration date</u>. 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.
- APPLICABLE TENNESSEE INSURANCE LAWS FOR ADMINISTRATORS (TPAs)
 - TITLE 56 INSURANCE
 - CHAPTER 6 AGENTS, SOLICITORS AND ADMINISTRATORS
 - PART 4 ADMINISTRATORS
 - o §56-6-401 "Administrator" defined
 - §56-6-402 Agreement required Records Terms
 - o §56-6-403 Payments handled by administrator
 - o §56-6-404 Recordkeeping requirements
 - o §56-6-405 Advertising
 - §56-6-406 Administrator's duties as fiduciary
 - o §56-6-407 Payment of claims
 - o §56-6-408 Administrator's compensation not contingent on claims experience
 - o §56-6-409 Notice to insured persons Notice to persons purchasing coverage
 - o §56-6-410 License requirements
 - §56-6-411 Waiver of license requirements
 - o §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	on, Company, Corp	ti Doubo	1:-	4:4 1 T		ı
(Name of Perso	on, Company, Corp	oration, Partners			l office located at:	
(Individual, Corporation, Pa	artnership or Assoc	iation)	W1	ui its principa	i office located at.	
(Street Address)		(City)		(State)	(ZIP)	
and Tennessee office of :(S	traat Addrass)		City)	(State)	(ZIP)	
I hereby apply for a TPA Licens			•	, ,	, ,	. Code Ann. §56-6-401.
	TPA App	olication Contact	Person or A	pplication Pre	parer Information	(required)
Name:						
Address:						
City, State, Zip Code:						
Phone Number:						
E-Mail Address:						
applicant performs TPA se or pool and the TPA for the 2. The written agreement shall \$56-6-409; 3. The TPA agrees to abide by 4. The applicant has not had a uthority in this or any other or surrendered to avoid disc 6. The applicant has not had relating to the transaction of 7. The applicant has not been 8. None of its officers and dir (10) years; 9. The applicant has not had a 10. The applicant agrees to pro 11. This application is to obtain a. Commercial insurer c. TennCare Partners Pro	duration of the agril contain provision of all requirements of previous application any professional, er state, nor has succiplinary action; any judgment ren f business as an addeclared insolvent ectors have been contrained.	reement and five as including the resistance of Tenn. Code Are on for any license vocational or but the license been seed against it ministrator; or discharged from the provided in a crimement terminated on application are ct as an administrator.	(5) years the requirements nn. \$56-6-40 e denied for a siness licens subjected to a in any cour om bankruptominal proceed of for any finand upon subs	reafter; of Tenn. Con through Ten cause within the deduction of any juris they within the particular ding (excluding) ancial reason of equent renewate following e	de Ann. §56-6-403 n. Code Ann. §56- he past five (5) year spended, revoked one by any public and diction of the Unit past five (5) years; ng minor traffic vice other than non-produls.	8 through Tenn. Code Annotes: 6-412; ars; or restricted by any publication of the section of the
(Signature)		(Title)	Subscribe of	ed and sworn	(Date) 1 before me, this	

(Seal required)

(Notary Public)

My commission expires on the _____ of ______, 20____.