

From: Builders Mutual Insurance Company [agencyrelations@bmico.com]
Sent: Wednesday, December 22, 2010 9:01 AM
To: CW Bartlett
Subject: TN Public Chapter 1149 Effective March 1, 2011

AGENCY ALERT



#2010-19: TN Public Chapter 1149 Effective March 1, 2011

December 22, 2010

Tennessee enacted Public Chapter 1149 which becomes effective on March 1, 2011. The bill amends the civil penalty provisions for employers who violate provisions of the workers' compensation law and enacts a new part governing procedures under which a construction services provider may apply for a workers' compensation coverage exemption from the Secretary of State.

This new law requires sole proprietors, partners, members of limited liability companies and corporate officers engaged in the construction industry to obtain workers' compensation coverage on themselves unless they meet the requirements of the statutory exemption. For corporate officers in the construction industry, current I-6 forms on file will no longer be valid. All requests for exemption must be filed with the Secretary of State. Once granted, the exemption is valid for two years.

The number of corporate officers allowed to be exempt is limited to three and only those officers that apply for exemption will be able to be excluded for coverage and premium purposes. Additionally, exempt Construction Service Providers (CSP's) doing "work" (not supervisory, class 5604, 5606) will still be charged when doing commercial work. However, there is a provision for three exemptions per commercial job if the client has an exemption stated on the Commercial General Contractor's letterhead.

New business policies with the effective dates of March 1, 2011 and after will be charged the appropriate payroll exposure for sole proprietors, partners, and members of limited liability companies. For our existing customers, we will wait until June 2011 to begin endorsing applicable workers' comp renewals beginning with effective dates of March 1, 2011. We will require that Underwriting obtain a copy of the exemption certificate in order to remove the endorsement. If the policyholder seeks an exemption after the policy is endorsed, the endorsement will be removed according to the effective date of the exemption form. At audit, we will capture the appropriate payroll exposure for sole proprietors, partners, and members of limited liability companies and review exemption certificates. If a claim occurs and there is an exemption form on file, there will be no coverage available for the exempted sole proprietor or partner. In addition, Builders Mutual Form S-02-04 (Sole Proprietor/Partnership Exclusion of Payroll) will become invalid as of March 1, 2011 and will be



To view all 2010 Agency Alerts please [click here](#).

removed from the TN Agency Manual.

Effective March 1, 2011, Builders Mutual will adopt the new miscellaneous values from NCCI in accordance with the Tennessee Department of Commerce and Insurance (TNDCI) including the following payroll changes for officers and sole proprietors:

- Included officers minimum payroll; construction industry only - \$9,880 per year
- Included officers maximum payroll; construction industry only - \$58,500 per year
- Sole proprietor or partner (if elected coverage) minimum payroll; construction industry only - \$9,950 per year
- Sole proprietor or partner (if elected coverage) maximum payroll; construction industry only - \$58,500 per year

To help you with this new process, your Territory Manager, CW Bartlett, will provide your agency with a list of policies currently excluded from coverage. Next week, policyholders currently excluding themselves from coverage will receive a postcard notifying them of the new law and stuffers will be included with renewal policies. Keep in mind, these policies will be endorsed unless we receive the exemption certificate.

For complete details, please review Public Chapter 1149.


Please share this information with your staff. If you have any questions, do not hesitate to contact your underwriter at Builders Mutual Insurance Company.

Builders Mutual Insurance Company
PO Box 150005, Raleigh, NC 27624-0005
(800) 809-4859 www.buildersmutual.com

Builders Mutual
INSURANCE COMPANY
Where Builders Come First®

This message was sent from Builders Mutual Insurance Company to cbartlett@bmico.com. It was sent from: Builders Mutual Insurance Company, 5580 Centerview Drive, Raleigh, NC 27606. You can modify/update your subscription via the link below.

Email Marketing by
iContact
try it free

 Manage your subscription

 FORWARD TO A FRIEND