

SENATE BILL 2977

By Berke

AN ACT to amend Tennessee Code Annotated, Title 50 and Title 56, relative to association captive insurance companies.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 50-6-702, is amended by adding the following language at the end of subsection (a):

An interlocal arrangement that is administered by an association captive insurance company may also provide for the insuring or self-insuring of obligations and liabilities arising under the federal Longshoremen's and Harbor Workers' Compensation Act or any other federal legislation now existing or hereafter enacted providing for compensation and benefits to workers for job-related injuries.

SECTION 2. Tennessee Code Annotated Section 56-13-121, is amended by adding the following language as a new subsection (c):

(c)

(1) Notwithstanding this section or chapter 3, part 4 of this title, an association captive insurance company as defined in § 56-13-102 may hold any interest in qualified headquarters property as defined in subdivision (c)(2), and the qualified headquarters property shall be admitted assets and authorized investments of the association captive insurance company. The net book value of the qualified headquarters property deemed admitted and authorized under this subsection (c) may not exceed two million five hundred thousand dollars (\$2,500,000), and an association captive insurance company holding qualified headquarters property pursuant to this subsection (c) shall at all times maintain

an accumulated surplus of at least fifty percent (50%) of the net book value of the qualified headquarters property in addition to the minimum capital and surplus requirements and the net book value of the qualified headquarters property.

(2) For purposes of this subsection (c), “qualified headquarters property” includes the real property and the building in which the principal office of the association captive insurance company is located and also includes any improved and unimproved real property of the association captive insurance company that is located within one thousand five hundred feet (1,500’) of the association captive insurance company’s principal office.

SECTION 3. This act shall take effect upon becoming a law, the public welfare requiring it.