

INSURANCE

Research Recap: Workers' Compensation for Local Government Entities in Tennessee

July 2025

During the 2024 legislative session, the General Assembly passed legislation requiring a Comptroller's Office study of the workers' compensation insurance market for local government entities in Tennessee.

The vast majority of local government entities in Tennessee obtain workers' compensation coverage from one of three insurance pools. Local government entities can also obtain coverage from commercial insurance providers.

Local government entities that wish to obtain coverage from a commercial provider must do so through a competitive bidding process. Per state law, however, local government entities are not required to solicit bids to obtain coverage through an insurance pool.

Commercial providers and insurance pools have different regulatory structures. The Tennessee Department of Commerce and Insurance regulates commercial providers, but the state does not similarly regulate insurance pools.



The Comptroller's February 2025 report includes three conclusions and four policy considerations. One policy consideration is that the General Assembly may wish to clarify the insurance pools' exemption from the public bidding process since the three pools offered different interpretations of state law for their exemption.

During the 2025 legislative session, the General Assembly passed Public Chapter 260, which clarifies the type of entities that are exempt from public bidding. Each insurance pool that provides workers' compensation coverage to public entities in Tennessee qualifies for the exemption under the new language.

The report's other conclusions – and policy considerations concerning state oversight of insurance pools – can be found in the full report, which is available [here](#).