STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37219

NED McWHERTER
GOVERNOR

ELAINE A. McREYNOLDS
COMMISSIONER

B U L L E T I N

TO: All Insurers Doing Business in Tennessee

FR: David J. Kumatz DJK
Assistant Commissioner for Insurance

RE: Policyholders Service Office Regulation
Chapter 0780-1-57

DA: September 1, 1989

Attached you will find a copy of Regulation 0780-1-57 as it has been approved by the Attorney General.

Please read the rule carefully. Briefly, the rule requires a notice of a policyholder service office address and a telephone number on the face of a policy or on a sheet accompanying a policy <u>if</u> the insurer has no policyholder service office in the state. A claims office may constitute a "policyholder service office" if it offers the services required under the rule. A general agency does not. The notice is not required to be placed on each certificate delivered to members of a group. Violation of the rule will be considered an unfair trade practice.

DJK/cmf

Attachment

RULEMAKING HEARING RULES
OF
THE DEPARTMENT OF COMMERCE AND INSURANCE
DIVISION OF INSURANCE

CHAPTER 0780-1-57
POLICYHOLDERS SERVICE OFFICE DISCLOSURE REQUIREMENTS

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Rule 0780-1-57-.01 PURPOSE.

The purpose of this Rule is to establish requirements and standards for the notice provided for in Section 56-2-118, Tennessee Code Annotated, to policyholders regarding the policyholders service office, as is required by any company not maintaining such an office in this state that issues policies of life insurance, accident and health insurance, property insurance or casualty insurance. This Rule does not apply to surplus lines, credit or surety insurance, or captive companies.

Statutory Authority: T.C.A. Section 56-2-118(b)

Rule 0780-1-57-.02 DEFINITIONS.

(1) For the purposes of this Chapter "Policyholder Service Office" means an office that provides support and information services to policyholders, including information regarding policy terms, premium payments, claims processing and payment. A managing general agency does not constitute a policyholder service office unless it can provide all information required by this Rule and is authorized by the insurer to pay claims.

Statutory Authority: T.C.A. Section 56-2-118(b)

0780-1-57-.03 NOTICE REQUIREMENTS

(1) Every Life, Accident and Health, or Property or Casualty insurance policy issued after January 1, 1989, and covering risks in this state must include the address and telephone number of the insurer's policyholders service office, if the insurer maintains no policyholders service office in this state.

(2) The notice required under this Chapter shall be provided no later than at the time of delivery of the insurance policy or certificate.

(3) Any insurance company which ceases to maintain a policyholder service office in this state must provide notice as required by this Chapter at least thirty (30) days prior to the closing of the policyholders service office in the state.

(4) When there is a change in the address and/or telephone number which is included in the notice which is required by this Chapter or in any policholders Service Office maintained by a company, the company must provide notice of the change prior to the change.

Statutory Authority: T.C.A. Section 56-2-118(b).

0780-1-57-.04 PERMISSIBLE FORMS OF NOTICE.

All notices required to be provided to policyholders by this Chapter shall meet the following standards.

(1) The notice must contain the complete address and telephone number (toll free number if available) of the policyholders service office of the company issuing the policy.

(2) The notice shall be printed in a legible type style with adequate contrast between ink and paper.

(3) The notice may be on any page of the policy or on a separate page provided it meets all requirements of this Chapter. A prominent stamp or sticker meeting the requirements of this Chapter shall constitute proper notice.

(4) The notice may be a part of a document other than the policy; however, the notice provision must be prominently displayed on the face page of any document into which it is incorporated. All notices whether a part of the policy or certificate, another document, or a separate notification, must be set apart and in bold face type and in no smaller print than ten point type.

Statutory Authority: T.C.A. Section 56-2-118(b).

0780-1-57-.05 PENALTY

Any company required to give notice under this Chapter who has violated or attempted to violate any provision of the

Chapter, shall be subject to the penalties established by Title 56, Chapter 8, Part 1, Tennessee Code Annotated.

Statutory Authority: T.C.A. Section 56-2-118(b), 56-8-109, 56-8-112 and 56-8-114.

Signature of the agency officer or officers directly responsible for proposing and/or drafting these rules:

Sharon K. Roberson
Chief Counsel for Insurance

I certify that this is an accurate and complete copy of the rulemaking hearing rules lawfully promulgated by the Department of Commerce and Insurance on the 31st day of April, 1989.

Further, I certify that these rules are properly presented for filing, a notice of rulemaking hearing having been published in the December, 1988 issue of the Tennessee Administrative Register, and such rulemaking hearing having been conducted pursuant thereto on the 19th day of January, 1989.

Sharon K. Roberson
Chief Counsel for Insurance

Subscribed and sworn to before me this the 3rd day of May, 1989.

Carolyn M Goeller
Notary Public

My Commission expires on the 23rd day of January, 1993.

All purposed rules provided for herein have been examined by the Attorney General and Reporter of the State of Tennessee and are approved as to legality pursuant to the provisions of the Administrative Procedures Act, Tennessee Code Annotated, Title 4, Chapter 5.

Charles W. Burson
Charles W. Burson
Attorney General and Reporter

The rulemaking hearing rules set out herein were properly filed in the Administrative Procedures Division of the Department of State on the 28th day of August, 1989.

Gentry Crowell
Gentry Crowell
Secretary of State

By: James Davis