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 Life and Insurers Doing Business in Tennessee

FR: David J. Kumatz DJK
Assistant Commissioner for Insurance

RE: Return of Premium Rider or Withdrawal Benefits

DA: September 1, 1989

The amendments to Chapter 0780-1-29 of the Department's regulations, dealing with accident and health policies which provide for return of premium or withdrawal benefits, have been approved by the Attorney General. Attached you will find a copy of the rule amendments as promulgated. Briefly, the amendments:

1. Eliminate the restriction that the benefit could only be added to disability income or hospital indemnity contracts.

2. Eliminate the prohibition against a periodic deferred benefit payable at the end of specified periods (such as 10 years) during the premium paying period.

DJK/cmf

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

CHAPTER 0780-1-29

ACCIDENT AND HEALTH POLICIES PROVIDING RETURN OF PREMIUM OR WITHDRAWAL BENEFITS

TABLE OF CONTENTS

0780-1-29-.01	Types of Benefits
0780-1-29-.02	Policy to Which Such Benefits May Be Attached
0780-1-29-.03	Premiums for Benefits Must Be Separately Stated
0780-1-29-.04	Withdrawal and Death Benefits
0780-1-29-.05	Premiums Waived and Policy Dividends
0780-1-29-.06	Additional Premiums for Return of Premium Benefits
0780-1-29-.07	Reserves for Return of Premium Benefits

Rule 0780-1-29.01 TYPES OF BENEFIT is amended by deleting the following language from the end of the first sentence in said rule and the letter (a) from paragraph (a) of said rule:

> the following benefits, in addition to disability income or hospital indemnity income benefits:
>
> (a)

and, is also amended by deleting the following language, being the last sentence of Subparagraph (a) of said rule and, subparagraph (b) of said rule:

> Such an additional benefit is permitted only under policies which provide benefits limited to disability income or hospital indemnity income.

(b) A deferred benefit payable periodically at the end of specified periods (such as 10 years) during the premium-paying period is not permitted.

so that as amended the rule shall read:

0780-1-29-.01 TYPES OF BENEFIT. This rule applies to individual accident and health policies providing a deferred benefit payable at the expiration date of the policy or after a specified date(s) based upon an amount equal to all or a stated portion, not less than 80%, of the total

premiums paid on the policy, reduced by all or a specified portion, not less than 20%, of the total claims paid under the policy.

0780-1-29-.03 PREMIUMS FOR BENEFITS MUST BE SEPARATELY STATED is amended by changing the citation of Section 0780-1-29-.01(a) to Section 0780-1-29-.01, so that as amended the rule shall read:

0780-1-29-.03 PREMIUMS FOR BENEFITS MUST BE SEPARATELY STATED.

The additional premium for the benefit defined in 0780-1-29-.01 must be separately stated either in the policy or rider attached thereto.

Statutory Authority: T.C.A. Section 56-1-701 and Section 56-26-114.

(The remainder of the rule is omitted.)

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

James G. Davis
Assistant Chief Counsel
for Insurance

I certify that this an accurate and complete copy of the rulemaking hearing rules lawfully promulgated by the Department of Commerce and Insurance on the 22nd day of February, 1989.

Further, I certify that these rules are properly presented for filing, a notice of rulemaking hearing having been published in the November, 1988 issue of the Tennessee Administrative Register, and such rulemaking hearing having been conducted pursuant thereto on the 30th day of November, 1988.

James G. Davis
Assistant Chief Counsel
for Insurance

Subscribed and sworn to before me this the 28th day of April, 1987.

Notary Public

My Commission expires on the 25th day of January, 1988.

All rulemaking hearing rules provided 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
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 14th day of August, 1989.

Gentry Crowell
Secretary of State

By: Janice Davis