

CHAPTER NO. 851

SENATE BILL NO. 3237

By McNally, Fowler, Kurita

Substituted for: House Bill No. 3241

By Scroggs, Hargrove, Stulce, Maddox, Buttry, Fitzhugh, White, Kent, Ralph Cole, Todd

AN ACT To amend the Tennessee Code Annotated, Title 56, relative to the issuance of Declination letters by Accident & Health Insurance Companies, Hospital and Medical Service Corporations, Hospital Service Organizations, Medical Service Organizations, Point of Service Plans, Health Maintenance Organizations, Preferred Provider Organizations and Physician Hospital Organizations.

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

SECTION 1. This act sets forth prohibitions against the wrongful declination to issue coverage for health insurance based upon uninsurability, and against the wrongful declination of enrollment by a hospital or medical service corporation or health maintenance organization based upon uninsurability. It is the expressed intent of the General Assembly that this section be liberally construed to effect its purpose.

SECTION 2. Tennessee Code Annotated, Section 56-8-104, is hereby amended by adding the following as a new, appropriately designated item:

(\_\_ ) ISSUING DECLINATIONS OF ACCIDENT AND HEALTH COVERAGE.

(A) With respect to any licensed agent:

(i) Issuing a letter of declination of accident and health insurance to a consumer without underwriting the risk pursuant to the insurability guidelines of each health insurance company, hospital and medical service corporation, health maintenance organization or other authorized person represented by such licensed agent;

(ii) Issuing a letter of declination of accident and health coverage to a consumer if the consumer is insurable by any health insurance company, hospital and medical service corporation, health maintenance organization, or other authorized person represented by such licensed agent.

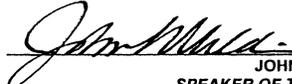
(B) Nothing in subdivision (\_\_)(A) shall be construed as requiring any licensed agents to provide a letter of declination of accident and health coverage to a consumer for the purpose of making the consumer eligible for TennCare benefits and services.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions of the act which can

be given effect without the invoking provision or application, and to that end the provisions of this act are declared to be severable.

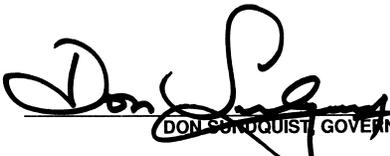
SECTION 4. This act shall take effect upon becoming law, the public welfare requiring it.

**PASSED: May 22, 2000**

  
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JOHN S. WILDER  
SPEAKER OF THE SENATE

  
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JIMMY NAIFEH, SPEAKER  
HOUSE OF REPRESENTATIVES

**APPROVED this 30<sup>th</sup> day of May 2000**

  
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DON S. QUIST, GOVERNOR