



State of Tennessee
PUBLIC CHAPTER NO. 121

SENATE BILL NO. 596

By Johnson

Substituted for: House Bill No. 872

By Haynes, Eldridge, Keisling, Fitzhugh, Sargent

AN ACT to amend Tennessee Code Annotated, Title 56, Chapter 37, relative to premium finance companies.

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

SECTION 1. Tennessee Code Annotated, Section 56-37-102, is amended by adding the following as an appropriately designated subdivision:

() "Premiums financed" means any interest assigned pursuant to a premium finance agreement or other assignment in or relating to an insurance policy or contract of insurance, to the extent of the rights retained by an assignor or assignee of that policy or contract of insurance for the refund of premiums and related charges paid.

SECTION 2. Tennessee Code Annotated, Section 56-37-112, is amended by deleting the section in its entirety and substituting instead the following:

56-37-112.

(a) A premium finance company, seller, building or savings and loan association, bank, trust company, industrial loan and thrift company or credit union authorized to do business in this state that finances insurance premiums, shall be deemed to have a perfected assignment and security interest in any premiums financed if the buyer or borrower signs a written agreement assigning a security interest in the premiums financed to the premium finance company, seller, seller's assignee, or lender. No filing or other recordation of the premium finance agreement or financing statement shall be necessary to perfect the validity of the agreement as a valid assignment and secured transaction as against creditors, subsequent purchasers, pledgees, encumbrancers, trustees in bankruptcy or any other insolvency proceeding under any law, or anyone having the status or power of the aforementioned or their successors or assigns.

(b) Title 47, chapter 9, shall govern the relative priorities of security interests in, and any right of set-off against, funds advanced pursuant to a premium finance agreement or cash proceeds of a premium financed.

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

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PASSED: March 18, 2013



RON RAMSEY
SPEAKER OF THE SENATE



BETH HARWELL, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 12th day of April 2013



BILL HASLAM, GOVERNOR