



STATE OF TENNESSEE  
**DEPARTMENT OF COMMERCE AND INSURANCE**  
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COMMISSIONER

**BULLETIN 20-07**

**TO:** All insurance companies writing business in Tennessee  
**FROM:** Hodgen Mainda, Commissioner *Hodgen Mainda*  
**RE:** Regulation of Excess Stop-Loss Coverage  
**DATE:** April 15, 2020

This Bulletin is written to update the Department's position regarding attachment points related to the offering of excess stop-loss coverage for Large Group plans. All other aspects of the other Bulletins regarding excess stop-loss coverage previously issued by the Department remain intact and unaffected.

The Department, in reference to the NAIC Stop Loss Insurance Model Act (MDL-092), has reviewed its position regarding the offering of excess stop-loss coverage. Catastrophic coverage for Large Group plans issued to groups of 500 lives or more will be defined as coverage with individual specific attachment limits of at least \$10,000 and with an aggregate attachment point of 110% of expected claims for the entire plan for one contract year. Catastrophic coverage for Large Group plans issued to groups of 499 lives or less, Small Group plans, and individual plans will continue to be defined as coverage with individual specific attachment limits of at least \$10,000 and with an aggregate attachment point of 120% of expected claims for the entire plan for one contract year. It is the Department's position that it will not approve an excess stop-loss policy for an authorized carrier that is offering less than catastrophic coverage. Any policy issued to cover less than this catastrophic threshold will be considered a group health policy and must meet all standards set forth in Tennessee law for such coverage.

Tennessee Code Annotated § 56-2-201(1) defines accident and health insurance as "...providing aggregate or excess stop-loss coverage in connection with employee welfare benefit plans, managed care organizations participating in commercial plans or the TennCare program, or both, health maintenance organizations, long-term care facilities, physician-hospital organizations as defined in § 56-32-102 and provider aggregate or per-patient stop-loss protection insurance coverage as authorized by § 56-32-104."

Tennessee Code Annotated § 56-26-102 requires approval of all policies covering accident and sickness prior to issuance or delivery in the State of Tennessee. It is contrary to state law for the

Commissioner to approve accident and health policies for issuance by unauthorized carriers, therefore, excess stop-loss coverage may only be purchased through an insurance company holding a valid certificate of authority issued by this Department. This type of insurance is not available through a surplus lines insurer as defined in the Surplus Lines Insurance Act, Tennessee Code Annotated § 56-14-101 et seq., due to health coverage being widely available through authorized carriers.

Any questions concerning this bulletin may be directed to Bill Huddleston, Director of Insurance at 615-360-4467 or [Bill.Huddleston@tn.gov](mailto:Bill.Huddleston@tn.gov).

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