



STATE OF TENNESSEE  
DEPARTMENT OF COMMERCE AND INSURANCE  
500 JAMES ROBERTSON PARKWAY  
NASHVILLE, TENNESSEE 37243

DON SUNDQUIST  
GOVERNOR

DOUGLAS M. SIZEMORE  
COMMISSIONER

B U L L E T I N

**TO:** All Property and Casualty Insurance Companies

**FROM:** Douglas M. Sizemore *DMS*  
Commissioner

**RE:** Effect of Accidents on Automobile Insurance Premiums

**DATE:** April 21, 1995

It has been brought to the attention of the Department that many carriers are not aware of or do not fully understand the requirements of Tennessee Law regarding the effect of accidents on automobile insurance premiums. Tennessee Code Annotated Section 56-7-1109 (b) provides as follows:

Whenever a person is involved in a traffic accident while operating a motor vehicle, if the accident did not involve negligence on the part of such person, it shall in no way be considered by the person's personal automobile insurance carrier in fixing premiums, nor shall it cause any increase in the person's personal automobile insurance premiums. Likewise, an accident involving such person, while operating another person's insured vehicle under the other person's authority and not involving negligence on the part of such driver, shall not cause an increase in the personal automobile insurance premiums for the owner of the vehicle; provided, that the owners did not violate any contractual duties or obligations by authorizing the driver to operate such vehicle. (Acts 988, ch. 759, s 1; 1989, ch. 378, s 1.)

This means that it is prohibited for your company to fix premiums or increase premiums based on an accident that did not involve the negligence of the insured whose premium is in question.

We have attached a copy of this law provision for your review.

DMS/SKR/pjh

Attachment