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Notice of Rulemaking Hearing - **Redline**

Hearings will be conducted in the manner prescribed by the Uniform Administrative Procedures Act, T.C.A. § 4-5-204. For questions and copies of the notice, contact the person listed below.

Agency/Board/Commission:	Department of Commerce and Insurance
Division:	Insurance Division
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Any Individuals with disabilities who wish to participate in these proceedings (to review these filings) and may require aid to facilitate such participation should contact the following at least 10 days prior to the hearing:

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Hearing Location(s) (for additional locations, copy and paste table)

Address 1:	500 James Robertson Parkway, Davy Crockett Tower		
Address 2:	Conference Room 1-A		
City:	Nashville, Tennessee		
Zip:	37243		
Hearing Date:	11/23/2026		
Hearing Time:	9:30 a.m.	☒ CST/CDT	☐ EST/EDT

Additional Hearing Information:

N/A

Revision Type (check all that apply):

☒ Amendment
☒ New
☐ Repeal

Rule(s) (ALL chapters and rules contained in filing must be listed. If needed, copy and paste additional tables to accommodate more than one chapter. Please enter only **ONE** Rule Number/Rule Title per row.)

Chapter Number	Chapter Title
0780-01-17	Rules and Regulations Covering the Sale, Issuance Delivery of Both Individual and Group Variable Annuity Contracts and Variable Life Contracts
Rule Number	Rule Title
0780-01-17-.06	Contracts Providing for Variable Benefits

Chapter Number	Chapter Title
0780-01-56	Licensing Requirements for Insurance Producers
Rule Number	Rule Title
0780-01-56-.06	Pre-Licensing Education Requirements
0780-01-56-.07	Examination Requirements
0780-01-56-.08	Continuing Education

Chapter Number	Chapter Title
0780-01-64	Actuarial Opinion and Memorandum Regulation
Rule Number	Rule Title
0780-01-64-.07	Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary

Chapter Number	Chapter Title
0780-01-67	Insurance Holding Company System Regulation with Reporting Forms and Instructions
Rule Number	Rule Title
0780-01-67-.04	Forms – General Requirements
0780-01-67-.16	Transactions Subject to Prior Notice – Notice Filing (Form D)
0780-01-67-.23	Group Capital Calculation
0780-01-67-.24	Severability Clause

Chapter Number	Chapter Title
0780-01-71	Life Settlements
Rule Number	Rule Title
0780-01-71-.03	License Requirements
0780-01-71-.06	Reporting Requirements

Chapter Number	Chapter Title
0780-01-76	Self-Insuring Associations and Non-Profit Business Coalitions for Health
Rule Number	Rule Title
0780-01-76-.09	Reporting Requirements

Chapter Number	Chapter Title
0780-01-80	Tennessee Vehicle Protection Product Act Regulations
Rule Number	Rule Title
0780-01-80-.05	Warrantor Filing Requirements

Department of Commerce and Insurance
Insurance Division

Chapter 0780-01-17
Rules and Regulations Covering the Sale, Issuance and Delivery of Both Individual
and Group Variable Annuity Contracts and Variable Life Contracts
Amendment

Rule 0780-01-17-.06 Contracts Providing for Variable Benefits, paragraph (2) is deleted in its entirety. The subsequent paragraphs are renumbered accordingly.

~~(2) Illustrations of benefits payable under immediate variable contracts shall not include projections of past investment experience into the future or attempted predictions of future investment experience; provided that nothing contained herein is intended to prohibit the use of hypothetical assumed investment results to illustrate possible levels of benefits. If an illustration is used, it shall contain three standard rates: 0, 4 and 8%. These are gross rates before asset charges against the separate account (and also before asset charges against the fund in the case of a unit investment trust) but after taxes, and the illustration should state this clearly. As long as the illustration showed results at these three standard rates, results at other rates not in excess of 8% may be included to assist the buyer in his understanding.~~

(2)~~(3)~~ No individual variable annuity contract calling for the payment of periodic stipulated payments shall be delivered or issued for delivery in this State unless it contains in substance the following provisions or provisions which in the opinion of the Commissioner are more favorable to the holders of such contracts:

- (a) A provision that there shall be a period of grace of 30 days or of one month, within which any periodic stipulated payment to the insurer falling due after the first may be made, during which period of grace the contract shall continue in force. The contract may include a statement of the basis for determining the date as of which any such payment received during the period of grace shall be applied to produce the values under the contract arising therefrom;
- (b) A provision that, at any time within three (3) years from the date of default, in making periodic stipulated payments to the insurer during the life of the annuitant and unless the cash surrender value has been paid, the contract may be reinstated upon payment to the insurer of such overdue payments as required by the contract, and of all indebtedness to the insurer on the contract, including interest. The contract may include a statement of the basis for determining the date as of which the amount to cover such overdue payments and indebtedness shall be applied to produce the values under the contract arising therefrom;
- (c) A provisions specifying the options available in the event of default in a periodic stipulated payment. Such options may include an option to surrender the contract for a cash value as determined by the contract, and shall include an option to receive a paid-up annuity if the contract is not surrendered for cash, the amount of such a paid-up annuity being determined by applying the value of the contract at the annuity commencement date in accordance with the terms of the contract.

(3)~~(4)~~ No individual variable life insurance policy shall be delivered or issued for delivery in this state unless it contains in substance the following provisions or provisions which in the opinion of the Commissioner are more favorable to the holders of such policies:

- (a) A provision that there shall be a period of grace of 30 days or of one month, within which payment of any premium after the first may be made, during which period of grace the policy shall continue in force, but if a claim arises under the policy during such period of grace before the overdue premiums or the deferred premiums of the current policy year, if any, are paid, the amount of such premiums, together with interest, may be deducted from any amount payable under the policy in settlement. The policy may contain a statement of the basis for determining any variation in benefits that may occur as a result of the payment of premium during the period of grace.
- (b) A provision that the policy will be reinstated at any time within three (3) years from the date of default, unless the cash surrender value has been paid or unless the period of extended insurance has expired, upon the application of the insured and the production of evidence of insurability, including good health, satisfactory to the insurer and the payment of an amount not exceeding the

greater of 1. all overdue premiums and the payment of any other indebtedness to the insurer upon said policy with interest, or 2. 110% of the increase in cash surrender value resulting from reinstatement.

- (c) A provision for cash surrender values and paid-up insurance benefits available as nonforfeiture options under the policy in the event of default in a premium payment after premiums have been paid for a specified period. If the policy does not include a table of figures for the options so available, the policy shall provide that the company will furnish at least once in each policy year a statement showing the cash value as of a date no earlier than the prior policy anniversary. The method of computation of cash values and other nonforfeiture benefits, as described either in the policy or in a statement filed with the Commissioner of the jurisdiction in which the policy is delivered, shall be in accordance with actuarial procedures that recognize the variable nature of the policy. The method of computation must be such that, if the net investment return credited to the contract at all times from the date of issue should be equal to the assumed investment increment factor if the contract provides for such a factor, or 3½% if not, with premiums and benefits determined accordingly under the terms of the policy, the resulting cash values and other nonforfeiture benefits would be at least equal to the minimum values required by T.C.A. § 56-7-401, (Standard Non-Forfeiture Law), for a fixed dollar policy with such premiums and benefits. The method of computation may disregard incidental minimum guarantees as to the dollar amounts payable. Incidental minimum guarantees include, for example, but are not to be limited to, a guarantee under a policy which provides for an assumed investment increment factor that the amount payable at death or maturity shall be at least equal to the amount that otherwise would have been payable if the net investment return credited to the contract at all times from the date of issue had been equal to such factor.

~~(4)~~~~(5)~~ Any variable annuity contract delivered or issued for delivery in this State shall stipulate the investment increment factors to be used in computing the dollar amount of variable benefits or other variable contractual payments or values thereunder, and may guarantee that expense and/or mortality results shall not adversely affect such dollar amounts. In the case of an individual variable annuity contract under which the expense and mortality results may adversely affect the dollar amount of benefits, the expense and mortality factors shall be stipulated in the contract. In computing the dollar amount of variable benefits or other contractual payments or values under an individual variable annuity contract:

- (a) The annual net investment increment assumption shall not exceed 5%, except with the approval of the Commissioner;
- (b) To the extent that the level of benefits may be affected by future mortality results, the mortality factor shall be determined from the Annuity Mortality Table for 1949, Ultimate, or any modifications of that table not having a lower life expectancy at any age, or, if approved by the Commissioner, from another table.

“Expense”, as used in this Paragraph, may exclude some or all taxes, as stipulated in the contract.

~~(5)~~~~(6)~~ Any individual variable life insurance policy delivered or issued for delivery in this State shall stipulate the investment increment factor to be used in computing the dollar amount of variable benefits or other variable contractual payments or values thereunder and shall guarantee that expense and mortality results shall not adversely affect such dollar amounts.

~~(6)~~~~(7)~~ The reserve liability for variable contracts shall be established pursuant to the requirements of T.C.A. § 56-1-402, in accordance with actuarial procedures that recognize the variable nature of the benefits provided and any mortality guarantees.

~~(7)~~~~(8)~~ A company issuing variable life insurance contracts with a stated amount of guaranteed minimum death benefit shall hold in a separate account assets at least equal to the entire reserve for the death benefit (such reserve being determined in accordance with paragraph (7) above), except that additional assets supporting the reserve described in (a) below shall be maintained in the company's general account.

- (a) The portion of the reserve in the general account is to provide for the contingency of death occurring when the guaranteed minimum death benefit exceeds the death benefit that would have been paid in the absence of such guarantee. Such additional reserve shall be accumulated from amounts

regularly allocated by the company for this purpose and shall be charged with any excess of the actual death benefits paid by the company on such variable life insurance contracts over the death benefits that would have been payable in the absence of the guaranteed minimum death benefit.

- (b) In no event, however, may the portion of the reserve maintained in the general account be less than either of the two minimum reserves described in (c) and (d) below.
- (c) The first minimum reserve equals the aggregate total of the term costs, if any, covering a period of one full year from the valuation date, of the guarantee on each such variable life insurance contract, assuming an immediate one-third depreciation in the current value of the assets of the separate account followed by a net investment return equal to the assumed investment increment factor.
- (d) The second minimum reserve equals the aggregate total of the “attained age level” reserves on each such variable life insurance contract. The “attained age level” reserve on each such variable life insurance contract shall not be less than zero and shall equal the “residue”, as described in (e) below, of the prior year’s “attained age level” reserve on the contract, with any such “residue” increased or decreased by a payment computed on an attained age basis as described in (f) below.
- (e) The “residue” of the prior year’s “attained age level” reserve on each such variable life insurance contract shall not be less than zero and shall be determined by adding interest at the valuation interest rate to such prior year’s reserve, deducting the tabular claims based on the “excess”, if any, of the guaranteed minimum death benefit, over the death benefit that would be payable in the absence of such guarantee, and dividing the net result by a tabular probability of survival. The “excess” referred to in the preceding sentence shall be based on the actual level of death benefits that would have been in effect during the preceding year in the absence of the guarantee, taking appropriate account of the reserve assumptions regarding the distribution of death claim payments over the year.
- (f) The payment referred to in (d) above shall be computed so that the present value of a level payment of that amount each year over the future premium paying period of the contract is equal to (i) minus (ii) minus (iii), where (i) is the present value of the future guaranteed minimum death benefits, (ii) is the present value of the future death benefits that would be payable in the absence of such guarantee and (iii) is any “residue”, as described in (e) above, of the prior year’s “attained age level” reserve on such variable life insurance contract. If the contract is paid-up, the payment shall equal (i) minus (ii) minus (iii). The amounts of future death benefits referred to in (ii) shall be computed assuming a net investment return of the separate account which may differ from the assumed investment increment factor and/or the valuation interest rate but in no event may exceed the maximum interest rate permitted for the valuation of life insurance contracts.
- (g) The valuation interest rate and mortality table used in computing the two minimum reserves described in (c) and (d) above shall conform to permissible standards for the valuation of life insurance contracts. In determining such minimum reserves, the company may employ suitable approximations and estimates, including but not limited to groupings and averages.

Authority: T.C.A. § 56-3-508.

Chapter 0780-01-56
Licensing Requirements for Insurance Producers
Amendments

Rule 0780-01-56-.06 Pre-Licensing Education Requirements is amended by deleting it in its entirety and substituting it with the following so that, as amended, the rule shall read:

- (1) ~~All applicants for an insurance producer license.~~ Individual applicants applying for a title insurance line of authority ("applicants"), unless ~~exempt pursuant to Paragraph (5) of this Rule or otherwise~~ exempted by law, are required to complete an online or classroom pre-licensing course of study for at least thirty (30) hours, prior to taking the examination required.
- (2) The pre-licensing course taken by the applicant shall ~~must~~ be approved by the commissioner ~~in order~~ for an applicant to receive credit under this Rule.
- (3) ~~The amounts of total hours which an insurance producer is required to take are listed as follows:~~

<u>Lines of Insurance</u>	<u>Number of Hours</u>
Title	20
Life	20
Accident and Health	20
Property	20
Casualty	20
Personal Lines	20

- ~~(3)~~(4) The applicant shall certify to the commissioner in or with the application for insurance producer license that such applicant has completed a pre-licensing course of study as approved by the commissioner ~~for each line of insurance for which an insurance producer license is requested.~~
- ~~(4)~~(g) ~~A P~~persons holding an insurance degree from an accredited college or university, ~~for all lines of authority that is deemed by the commissioner to be the equivalent of pre-licensing education for the title line of authority, is exempt from the pre-licensing education requirements prescribed by this Rule 0780-01-56-.06.~~
- (5) ~~The following persons are exempt from the pre-licensing education requirements prescribed by this Rule for the specified lines of authority that are deemed by the commissioner to be equivalent to pre-licensing education:~~
 - ~~(a) Persons holding a Chartered Life Underwriter (CLU) designation for a life line of authority;~~
 - ~~(b) Persons holding a Chartered Property and Casualty Underwriters (CPCU) designation for property, personal lines, and casualty lines of authority;~~
 - ~~(c) Persons holding a Certified Insurance Counselors (CIC) designation for life, health, property, personal lines, and casualty lines of authority;~~
 - ~~(d) Persons holding a Certified Employee Benefit Specialist (CEBS), Chartered Financial Consultant (ChFC), Certified Financial Planner (CFP), Fellow of Life Management Institute (FLMI), or Life Underwriter Training Council Fellow (LUTCF) designation for a life line of authority;~~
 - ~~(e) Persons holding a Registered Health Underwriter (RHU), Certified Employee Benefit Specialist (CEBS), Registered Employee Benefit Consultant (REBC), or Health Insurance Advisor (HIA) designation for a health line of authority; and~~
 - ~~(f) Persons holding an Accredited Advisor in Insurance (AAI) or Associate in Risk Management (ARM) designation for property, personal lines, and casualty lines of authority.~~

Authority: T.C.A. §§ 56-6-105, 56-6-106, ~~56-6-107~~, 56-6-109, 56-6-124, ~~56-32-144~~, 56-35-122, and 56-35-201.

Rule 0780-01-56-.07 Examination Requirements, paragraph (4) is amended by deleting subparagraph (a) in its entirety so that, as amended, paragraph (4) shall read:

- (4) The minimum score that will be considered as a passing score for any examination given hereunder is seventy percent (70%). Any score on an exam below seventy percent (70%) shall be considered a failing score.

~~(a) An individual who has failed to pass an examination for a license applied for may take another examination following the expiration of thirty (30) days from the date of the applicant's last unsuccessful examination upon submission of the examination fee.~~

~~(a)(b)~~ An individual who has not successfully passed the examination within six (6) months of the first attempt shall be required to re-take pre-licensing education courses as set forth in Rule 0780-01-56-.06.

Authority: T.C.A. §§ 56-1-107, 56-6-102, 56-6-105, 56-6-106, 56-6-107, 56-6-109, 56-6-112, 56-6-124, 56-32-114, 56-35-122, and 56-35-201.

Rule 0780-01-56-.07 Examination Requirements, paragraph (7) is amended by deleting it in its entirety and substituting it with the following so that, as amended, paragraph (7) shall read:

- (7) To determine that the applicant has not committed any act that would disqualify the applicant from receiving an insurance producer license, all individuals desiring to take a test under this Rule, shall submit to the commissioner:

(a) All of the following:

1.(a) ~~One (1)~~ ~~Two(2)~~ full sets of fingerprints;

2.(b) A certified check made payable to the Tennessee Bureau of Investigation representing the cost of having the criminal history record check performed; and

3.(c) A reasonable administrative fee representing the cost of the collection and transmission of fingerprint data made payable to the contractor; ~~or.~~

(b)(d) ~~The applicant may use alternate~~ ~~Alternate~~ methods of fingerprint submission if approved in advance in writing by the commissioner.

(8) Applicants that have had a criminal background check performed by the Tennessee Bureau of Investigation within six (6) months prior to taking an examination may have the results of that examination submitted directly from the criminal background check provider to the Agent Licensing section.

(9) Applicants that are required to take an examination after the lapse of a license must ~~will be required to~~ submit fingerprint background checks prior to taking a new examination.

Authority: T.C.A. §§ 56-1-107, 56-6-102, 56-6-105, 56-6-106, 56-6-107, 56-6-109, 56-6-112, 56-6-124, 56-32-114, 56-35-122, and 56-35-201.

Rule 0780-01-56-.08 Continuing Education, paragraph (2), subparagraph (e), part 6 is amended by deleting it in its entirety and replacing it with the following so that, as amended, part 6 shall read:

6. Pays a course reporting fee of at least one dollar and fifty (50) cents (\$1.50) ~~(\$1.00)~~ for each continuing education credit hour reported in accordance with the Department's or its designee's internet credit recording procedure.

Authority: T.C.A. §§ 56-2-305, 56-6-107, 56-6-112, 56-6-118(b), 56-6-124, 56-32-114, 56-35-122, 56-35-201, and 42 U.S.C. § 4011 (2004).

Chapter 0780-01-64
Actuarial Opinion and Memorandum Regulation
Amendments

Rule 0780-01-64-.07 Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary, paragraph (1), subparagraph (a) is amended by deleting it in its entirety and substituting it with the following so that, as amended, subparagraph (a) shall read:

- (a) In accordance with T.C.A. §§ 56-1-903 ~~56-1-402(d)-(h)~~ and 56-1-501(d), the appointed actuary shall prepare a memorandum to the company describing the analysis done in support of his or her opinion regarding the reserves. The memorandum shall be made available for examination by the commissioner upon his or her request but shall be returned to the company after such examination and shall not be considered a public record of the department or subject to automatic filing with the commissioner, as more fully stated in T.C.A. § 56-1-903 ~~56-1-402(g)(7)~~.

Authority: T.C.A. §§ 56-2-301, ~~56-1-402, 56-1-402(d)-(g), 56-1-403~~, 56-1-411, 56-1-413, 56-1-419, 56-1-420, 56-1-501(d), 56-1-903 through 905, 56-25-601, and 56-25-602 ~~56-25-1601 and 56-25-1602~~.

Rule 0780-01-64-.07 Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary, paragraph (1), subparagraph (e) is amended by deleting it in its entirety and substituting it with the following so that, as amended, subparagraph (e) shall read:

- (e) In accordance with T.C.A. § 56-1-903 ~~56-1-402(d)-(g)~~, the appointed actuary shall prepare a regulatory asset adequacy issues summary, the contents of which are specified in paragraph (3) of this Rule ~~0780-01-64-.07(3)~~. The regulatory asset adequacy issues summary will be submitted no later than March 15 of the year following the year for which a ~~as~~ statement of actuarial opinion based on asset adequacy is required. The regulatory asset adequacy issues summary is to be kept confidential to the same extent and under the same conditions as the actuarial memorandum.

Authority: T.C.A. §§ 56-2-301, ~~56-1-402, 56-1-402(d)-(g), 56-1-403~~, 56-1-411, 56-1-413, 56-1-419, 56-1-420, 56-1-501(d), 56-1-903 through 56-1-905, 56-25-601, and 56-25-602 ~~56-25-1601 and 56-25-1602~~.

Rule 0780-01-64-.07 Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary, paragraph (2) is amended by deleting it in its entirety and substituting it with the following so that, as amended, paragraph (2) shall read:

- (2) Details of the Memorandum Section Documenting Asset Adequacy Analysis.

When an actuarial opinion is provided, the memorandum shall demonstrate that the analysis has been done in accordance with the standards for asset adequacy referred to in Rule 0780-01-64-.05(4) and any additional standards under this Chapter. The memorandum ~~it~~ shall specify:

- (a) 1. For reserves:
- (i)1. Product descriptions including market description, underwriting and other aspects of a risk profile and the specific risks the appointed actuary deems significant;
 - (ii)2. Source of liability in force;
 - (iii)3. Reserve method and basis;
 - (iv)4. Investment reserves;
 - (v)5. Reinsurance arrangements;
 - (vi)6. Identification of any explicit or implied guarantees made by the general account in support of benefits provided through a separate account or under a separate account policy or contract and the methods used by the appointed actuary to provide for the guarantees in the asset adequacy analysis;

(vii)~~7-~~ Documentation of assumptions to test reserves for the following:

(I)~~(i)~~ Lapse rates (both base and excess);

(II)~~(ii)~~ Interest crediting rate strategy;

(III)~~(iii)~~ Mortality;

(IV)~~(iv)~~ Policyholder dividend strategy;

(V)~~(v)~~ Competitor or market interest rate;

(VI)~~(vi)~~ Annuitization rates;

(VII)~~(vii)~~ Commissions and expenses; and

(VIII)~~(viii)~~ Morbidity.

2. The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions.

(b) 1. For assets:

(i)~~1-~~ Portfolio descriptions, including a risk profile disclosing the quality, distribution and types of assets;

(ii)~~2-~~ Investment and disinvestment assumptions;

(iii)~~3-~~ Source of asset data;

(iv)~~4-~~ Asset valuation bases; and

(v)~~5-~~ Documentation of assumptions made for:

(I)~~(i)~~ Default costs;

(II)~~(ii)~~ Bond call function;

(III)~~(iii)~~ Mortgage prepayment function;

(IV)~~(iv)~~ Determining market value for assets sold due to disinvestment strategy; and

(V)~~(v)~~ Determining yield on assets acquired through the investment strategy.

2. The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions.

(c) For the analysis basis:

1. Methodology;

2. Rationale for inclusion or exclusion of different blocks of business and how pertinent risks were analyzed;

3. Rationale for degree of rigor in analyzing different blocks of business (include in the rationale the level of "materiality" that was used in determining how rigorously to analyze different blocks of business);

4. Criteria for determining asset adequacy (include in the criteria the precise basis for determining if assets are adequate to cover reserves under “moderately adverse conditions” or other conditions as specified in relevant actuarial standards of practice); and
 5. Whether the impact of federal income taxes was considered and the method of treating reinsurance in the asset adequacy analysis;
- (d) Summary of material changes in methods, procedures, or assumptions from prior year's asset adequacy analysis;
 - (e) Summary of results; and
 - (f) Conclusions.

Authority: T.C.A. §§ 56-2-301, ~~56-1-402, 56-1-402(d)-(g), 56-1-403~~, 56-1-411, 56-1-413, 56-1-419, 56-1-420, 56-1-501(d), 56-1-903 through 56-1-905, 56-25-601, and 56-25-602 ~~56-25-1601 and 56-25-1602~~.

Rule 0780-01-64-.07 Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary, paragraph (5) is amended by re-organizing the paragraph so that, as amended, paragraph (5) shall read:

(5) Use of Assets Supporting the Interest Maintenance Reserve and the Asset Valuation Reserve.

- (a) An appropriate allocation of assets in the amount of the interest maintenance reserve (“IMR”), whether positive or negative, shall be used in any asset adequacy analysis. Analysis of risks regarding asset default may include an appropriate allocation of assets supporting the asset valuation reserve (“AVR”); these AVR assets may not be applied for any other risks with respect to reserve adequacy. Analysis of these and other risks may include assets supporting other mandatory or voluntary reserves available to the extent not used for risk analysis and reserve support.
- (b) The amount of the assets used for the AVR shall be disclosed in the table of reserves and liabilities of the opinion and in the memorandum. The method used for selecting particular assets or allocated portions of assets shall be disclosed in the memorandum.

Authority: T.C.A. §§ 56-2-301, ~~56-1-402, 56-1-402(d)-(g), 56-1-403~~, 56-1-411, 56-1-413, 56-1-419, 56-1-420, 56-1-501(d), 56-1-903 through 56-1-905, 56-25-601, and 56-25-602 ~~56-25-1601 and 56-25-1602~~.

Chapter 0780-01-67
Insurance Holding Company System Regulation with Reporting Forms and Instructions
Amendments

Rule 0780-01-67-.04 Forms – General Requirements, paragraph (2) is amended by deleting it in its entirety and substituting it with the following language so that, as amended, paragraph (2) shall read:

- (2) ~~One-Three (3)~~ complete signed copy ~~copies~~ of each statement, including exhibits and all other papers and documents filed as a part thereof, shall be filed electronically with the Commissioner ~~by personal delivery or mail addressed to: Commissioner of the Department of Commerce and Insurance, State of Tennessee, 500 James Robertson Parkway, Nashville, Tennessee 37243, Attention: Director, Financial Affairs Section.~~ Each statement ~~At least one of the copies must~~ shall be signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority must ~~shall~~ also be filed with the statement.

Authority: T.C.A. §§ 56-2-301, and 56-11-109 ~~56-11-101 through 56-11-119, and 2014 Public Acts, Chapter 583~~.

Rule 0780-01-67-.16 Transactions Subject to Prior Notice – Notice Filing (Form D) is amended by deleting it in its entirety and substituting it with the following language so that, as amended, the rule shall read:

- (1) An insurer required to give notice of a proposed transaction pursuant to T.C.A. § 56-11-106 shall furnish the required information on Form D, hereby made a part of this chapter.
- (2) Agreements for cost sharing services and management services shall at a minimum and as applicable:
 - (a) Identify the person providing services and the nature of such services;
 - (b) Set forth the methods to allocate costs;
 - (c) Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the Accounting Practices and Procedures Manual;
 - (d) Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement;
 - (e) State that the insurer will maintain oversight for functions provided to the insurer by the affiliate and that the insurer will monitor services annually for quality assurance;
 - (f) Define ~~books and~~ records and data of the insurer to include all ~~books and~~ records and data developed or maintained under or related to the agreement that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to, claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records or similar records within the possession, custody or control of the affiliate;
 - (g) Specify that all ~~books and~~ records and data of the insurer are and remain the property of the insurer, and: ~~are subject to control of the insurer;~~
 1. Are subject to control of the insurer;
 2. Are identifiable; and
 3. Are segregated from all other persons' records and data or are readily capable of segregation at no additional cost to the insurer;
 - (h) State that all funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer and are subject to the control of the insurer;
 - (i) Include standards for termination of the agreement with and without cause;
 - (j) Include provisions for indemnification of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services and for any actions by the affiliate that violate provisions of the agreement required in subparagraphs (k), (l), (m), (n), or (o) of this paragraph;
 - (k) Specify that, if the insurer is placed in supervision, seizure, conservatorship, rehabilitation, liquidation, or receivership ~~receivership or seized pursuant to T.C.A. by the commissioner under~~ Title 56, Chapter 9:

1. All of the rights of the insurer under the agreement extend to the receiver or commissioner to the extent permitted by Tennessee law ~~and~~;
 2. All ~~books and~~ records and data of the insurer shall be identifiable and segregated from all other persons' records and data or readily capable of segregation at no additional cost to the receiver or the commissioner ~~will immediately be made available to the receiver or the commissioner, and shall be turned over to the receiver or commissioner immediately upon the receiver or the commissioner's request~~;
 3. A complete set of records and data of the insurer will immediately be made available to the receiver or the commissioner, shall be made available in a usable format, and shall be turned over to the receiver or commissioner immediately upon the receiver or the commissioner's request, and the cost to transfer data to the receiver or the commissioner shall be fair and reasonable; and
 4. The affiliated person(s) will make available all employees essential to the operations of the insurer and the services associated therewith for the immediate continued performance of the essential services ordered or directed by the receiver or commissioner;
- (l) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed ~~in~~ into supervision, seizure, conservatorship, rehabilitation, liquidation, or receivership pursuant to T.C.A. Title 56, Chapter 9; and
- (m) Specify that the affiliate will provide the essential services for a minimum period of time specified in the agreement after termination of the agreement, if the insurer is placed into supervision, seizure, conservatorship, rehabilitation, liquidation, or receivership pursuant to T.C.A. Title 56, Chapter 9, as ordered or directed by the receiver or commissioner. Performance of the essential services will continue to be provided without regard to pre-receivership unpaid fees, so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, commissioner, or supervising court; and
- (n)(m) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure, notwithstanding a supervision, seizure, conservatorship, rehabilitation, liquidation, or receivership seizure by the commissioner pursuant to under the T.C.A. Title 56, Chapter 9, and will make them available to the receiver, or commissioner as ordered or directed by the receiver or commissioner for so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, commissioner, or supervising court; and
- (o) Specify that, in furtherance of the cooperation between the receiver and the affected guaranty association(s) and subject to the receiver's authority over the insurer, if the insurer is placed into supervision, seizure, conservatorship, rehabilitation, liquidation, or receivership pursuant to T.C.A. Title 56, Chapter 9, and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, the affiliate's commitments under subparagraphs (k), (l), (m), or (n) of this paragraph will extend to such guaranty association(s).

Authority: T.C.A. §§ 56-2-301, 56-11-106, and 56-11-109.

Chapter 0780-01-67
Insurance Holding Company System Regulation with Reporting Forms and Instructions
New Rule

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Rule 0780-01-67-.23 Severability Clause is being renumbered as Rule 0780-01-67-[24](#) Severability Clause and Rule 0780-01-67-.23 Group Capital Calculation is added as a new rule and shall read:

[0780-01-67-.23 Group Capital Calculation.](#)

- (1) [Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to exempt the ultimate controlling person\(s\) from filing the annual group capital calculation if the lead state commissioner makes a determination based upon that filing that the insurance holding company system meets all of the following criteria:](#)
- (a) [Has annual direct written and unaffiliated assumed premium \(including international direct and assumed premium\), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than one billion dollars \(\\$1,000,000,000\);](#)
 - (b) [Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;](#)
 - (c) [Has no banking, depository, or other financial entity that is subject to an identified regulatory capital framework within its holding company structure;](#)
 - (d) [The holding company system attests that there are no material changes in the transactions between insurers and non-insurers in the group that have occurred since the last filing of the annual group capital; and](#)
 - (e) [The non-insurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.](#)

- (2) Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to accept, in lieu of the group capital calculation, a limited group capital filing if the insurance holding company system:
- (a) Has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than one billion dollars (\$1,000,000,000); and
 - (b) All of the following additional criteria are met:
 - 1. Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;
 - 2. Does not include a banking, depository, or other financial entity that is subject to an identified regulatory capital framework; and
 - 3. The holding company system attests that:
 - (i) There are no material changes in transactions between insurers and non-insurers in the group that have occurred since the last filing of the report to the lead state commissioner; and
 - (ii) The non-insurers within the holding company system do not pose a material financial risk to the insurers ability to honor policyholder obligations.
- (3) For an insurance holding company that has previously met an exemption with respect to the group capital calculation pursuant to paragraphs (1) or (2), the lead state commissioner may require at any time the ultimate controlling person(s) to file an annual group capital calculation, completed in accordance with the NAIC Group Capital Calculation Instructions, if any of the following criteria are met:
- (a) Any insurer within the insurance holding company system is in a risk-based capital action level event as set forth in T.C.A. Title 56, Chapter 46, Part 1, or a similar standard for a non-U.S. insurer; or
 - (b) Any insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in Tenn. Comp. R. & Regs. 0780-01-66; or
 - (c) Any insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the lead state commissioner based on unique circumstances including, but not limited to, the type and volume of business written, ownership and organizational structure, federal agency requests, and international supervisor requests.
- (4) A non-U.S. jurisdiction is considered to “recognize and accept” the group capital calculation if it satisfies the following criteria:
- (a) With respect to T.C.A. § 56-11-105(l)(2)(B)(iv):
 - 1. The non-U.S. jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, by providing confirmation by a competent regulatory authority, in such jurisdiction, that insurers and insurance groups whose lead state is accredited by the NAIC under the NAIC Accreditation Program shall be subject only to worldwide prudential insurance group supervision including worldwide group governance.

solvency and capital, and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, at the level of the worldwide parent undertaking of the insurance or reinsurance group by the non-U.S. jurisdiction; or

2. Where no U.S. insurance groups operate in the non-U.S. jurisdiction, that non-U.S. jurisdiction indicates formally in writing to the lead state, with a copy to the International Association of Insurance Supervisors, that the group capital calculation is an acceptable international capital standard. This will serve as the documentation otherwise required in part 1. of this subparagraph.

(b) The non-U.S. jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the lead state commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC. The commissioner shall determine, in consultation with the NAIC Committee Process, if the requirements of the information sharing agreements are in force.

(5) A list of non-U.S. jurisdictions that “recognize and accept” the group capital calculation will be published through the NAIC Committee Process.

(a) A list of jurisdictions that “recognize and accept” the group capital calculation pursuant to T.C.A. § 56-11-105(l)(2)(B)(iv) is published through the NAIC Committee Process to assist the lead state commissioner in determining which insurers must file an annual group capital calculation. The list will clarify those situations in which a jurisdiction is exempted from filing under T.C.A. § 56-11-105(l)(2)(B)(iv). To assist with a determination under T.C.A. § 56-11-105(l)(2)(C), the list will also identify whether a jurisdiction that is exempted under either T.C.A. § 56-11-105(l)(2)(B)(iii) or (iv) requires a group capital filing for any U.S. based insurance group’s operations in that non-U.S. jurisdiction.

(b) For a non-U.S. jurisdiction where no U.S. insurance groups operate, the confirmation provided to meet the requirement of part (4)(a)2. of this rule will serve as support for recommendation to be published as a jurisdiction that “recognizes and accepts” the group capital calculation through the NAIC Committee Process.

(c) If the lead state commissioner makes a determination pursuant to T.C.A. § 56-11-105(l)(2)(B)(iv) that differs from the NAIC List, the lead state commissioner shall provide thoroughly documented justification to the NAIC and other states.

(d) Upon determination by the lead state commissioner that a non-U.S. jurisdiction no longer meets one or more of the requirements to “recognize and accept” the group capital calculation, the lead state commissioner may provide a recommendation to the NAIC that the non-U.S. jurisdiction be removed from the list of jurisdictions that “recognize and accepts” the group capital calculation.

Authority: T.C.A. §§ 56-2-301, 56-11-105, and 56-11-109.

Chapter 0780-01-71
Life and Viatical Settlements
Amendments

Chapter 0780-01-71 Life Settlements is amended by adding “and Viatical” to its title so that, as amended, the title of the chapter shall read:

Chapter 0780-01-71 Life and Viatical Settlements.

Authority: T.C.A. §§ 56-50-101, 56-50-102, and 56-50-117.

Rule 0780-01-71-.03 License Requirements, paragraph (1) is amended by adding a comma in the language “life settlement broker, or life settlement representative” so that, as amended, paragraph (1) shall read:

- (1) In addition to the information required in T.C.A. § 56-50-103 and in this rule, the commissioner may ask for other information necessary to determine whether the applicant for a license as a life settlement provider, life settlement broker, or life settlement representative complies with the requirements of T.C.A. § 56-50-103.

Authority: T.C.A. §§ 56-50-103, 56-50-106, and 56-50-117 ~~56-50-110~~.

Rule 0780-01-71-.03 License Requirements, paragraph (2) is amended by deleting it in its entirety and substituting it with the following so that, as amended, paragraph (2) shall read:

- (2) Licenses ~~The application shall be accompanied by the appropriate license fee. The license~~ may be renewed yearly by payment of the appropriate license renewal fee, as listed below, and along with a current copy of a letter or certificate of good standing obtained from the filing officer of the applicant's state of domicile. If a life settlement provider, life settlement broker, or life settlement representative fails to pay the renewal fee within the time prescribed, or a life settlement provider fails to submit the reports required by T.C.A. § 56-50-106, such nonpayment or failure to submit the required reports shall result in lapse of the license. An application for or renewal of a license as a life or viatical settlement provider, life or viatical settlement broker, or life or viatical settlement investment agent shall be accompanied by the following fees:
 - (a) Initial application for life or viatical settlement provider: \$500.00
 - (b) Initial application for life or viatical settlement broker: \$500.00
 - (c) Initial application for life or viatical settlement investment agent: \$200.00
 - (d) Renewal of life or viatical settlement provider: \$500.00
 - (e) Renewal of life or viatical settlement broker: \$500.00
 - (f) Renewal of life or viatical settlement investment agent: \$100.00

Authority: T.C.A. §§ 56-50-103, 56-50-106, and 56-50-117 ~~56-50-110~~.

Rule 0780-01-71-.03 License Requirements, paragraph (5) is amended by adding a comma in the language “life settlement broker, or life settlement representative” so that, as amended, paragraph (5) shall read:

- (5) The license issued to a life settlement provider, life settlement broker, or life settlement representative shall be a limited license that allows it to operate only within the scope of its license.

Authority: T.C.A. §§ 56-50-103, 56-50-106, and 56-50-117 ~~56-50-110~~.

Rule 0780-01-71-.06 Reporting Requirements, paragraph (2) is deleted in its entirety.

- ~~(2) On March 1 of each calendar year, each life settlement broker in this state shall make a report to the commissioner of all life settlement transactions where the owner and/or the insured is a resident of this state containing the following information for the previous calendar year:~~

- ~~(a) Date of the life settlement contract;~~
- ~~(b) Owner's and/or insured's state of residence at the time of contract, if both are not residents of this state;~~
- ~~(c) Owner's relationship to insured;~~
- ~~(d) Face amount of policy settled;~~
- ~~(e) Net death benefits settled;~~
- ~~(f) Net amount paid to owner;~~
- ~~(g) Itemization and total of fees or commissions paid to life settlement broker and life settlement representatives;~~
- ~~(h) Relationship of life settlement broker and/or life settlement representative to the owner and/or insured prior to the life settlement contract transaction;~~
- ~~(i) Name and address of the life settlement provider.~~

Authority: T.C.A. §§ 56-50-106, 56-50-110, and 56-50-117.

Chapter 0780-01-76
Self-Insurance Associations and Non-Profit Business Coalitions for Health
Amendments

Rule 0780-01-76-.09 Reporting Requirements, paragraph (1) is amended by deleting “June 1” and substituting it with “March 1” so that, as amended, paragraph (1) shall read:

- (1) A self-funded qualified multiple employer welfare arrangement shall file with the Commissioner on or before March 1 ~~June 1~~ of each year on the National Association of Insurance Commissioner's annual health blank, a full and true statement of its financial condition, transactions, and affairs as of the preceding December 31, including:

Authority: T.C.A. § 56-26-204(b).

Rule 0780-01-76-.09 Reporting Requirements, paragraph (1), subparagraph (e) is amended by deleting “Tenn. Code Ann.” and substituting it with “T.C.A.” so that, as amended, subparagraph (e) shall read:

- (e) Any information required by statute or rule relating to the arrangement's compliance with the requirements in T.C.A. ~~Tenn. Code Ann.~~ § 56-7-109; and

Authority: T.C.A. § 56-26-204(b).

Rule 0780-01-76-.09 Reporting Requirements, paragraph (2) is amended by deleting “sixty (60)” and substituting it with “forty-five (45)” so that, as amended, paragraph (2) shall read:

- (2) A self-funded qualified multiple employer welfare arrangement shall, within forty-five (45) ~~sixty (60)~~ days after the end of each quarter, file with the Commissioner, on the National Association of Insurance Commissioner’s quarterly health blank, a full and true statement of its financial condition, transactions, and affairs as of the preceding quarter, including:

Authority: T.C.A. § 56-26-204(b).

Chapter 0780-01-80 Tennessee Vehicle Protection Product Act Regulations Amendments

Rule 0780-01-80-.05 Warrantor Filing Requirements, paragraph (1), subparagraph (c) is amended by deleting it in its entirety and substituting it with the following so that, as amended, subparagraph (c) shall read:

- (c) One (1) copy ~~Two (2) copies~~ of each warranty the registrant proposes to use in this State, ~~including each warranty already registered for use that the renewal applicant proposes to use;~~

Authority: T.C.A. §§ 56-55-104, 56-55-105, 56-55-106, 56-55-112, and 56-55-113.

Rule 0780-01-80-.05 Warrantor Filing Requirements, paragraph (2) is amended by deleting it in its entirety and substituting it with the following so that, as amended, paragraph (2) shall read:

- (2) A complete copy of each registration form, including all required exhibits and other papers and documents filed as a part thereof, shall be filed electronically with the commissioner ~~by personal delivery or mail addressed to: Department of Commerce and Insurance, State of Tennessee, 500 James Robertson Parkway, Davy Crockett Tower, Fourth Floor, Nashville, Tennessee 37243, Attention: Vehicle Protection Product Specialist. The registration form shall be manually signed.~~

Authority: T.C.A. §§ 56-55-104, 56-55-105, 56-55-106, 56-55-112, and 56-55-113.

Rule 0780-01-80-.05 Warrantor Filing Requirements, paragraph (4) is amended by deleting it in its entirety and substituting it with the following so that, as amended, paragraph (4) shall read:

- (4) Should there be any change(s) in a registrant's information provided pursuant to this Rule prior to the registrant's renewal, the commissioner must be notified, ~~in writing,~~ within thirty (30) days of such change(s). Notice shall be made electronically and ~~by personal delivery or mail addressed to: Department of Commerce and Insurance, State of Tennessee, 500 James Robertson Parkway, Davy Crockett Tower, Fourth Floor, Nashville, Tennessee 37243, Attention: Vehicle Protection Product Specialist. The written notice~~ shall state any change(s) to the information and what the information stated before the change(s). ~~The written notice shall be manually signed.~~ Changes in a registrant's information include, but are not limited to, changes to any of the warranties previously registered and changes to the warranty reimbursement insurance policy. A change in a registrant's information does not include the use of any additional warranties not previously registered. Such warranties must be submitted for registration prior to use.

Authority: T.C.A. §§ 56-55-104, 56-55-105, 56-55-106, 56-55-112, and 56-55-113.

I certify that the information included in this filing is an accurate and complete representation of the intent and scope of rulemaking proposed by the agency.

Date: 09/30/2026

Signature: _____

Name of Officer: Virginia Smith

Title of Officer: Chief Counsel

Department of State Use Only

Filed with the Department of State on: _____

Tre Hargett
Secretary of State