

Amendment No. 1 to SB2596

Johnson
Signature of Sponsor

AMEND Senate Bill No. 2596*

House Bill No. 3112

by deleting all language after the enacting clause and by substituting instead the following:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 5, Part 3, is amended by adding the following language as a new section:

56-5-322.

(a) For purposes of this section:

(1) "Exempt commercial risk policyholder" means an insured that either employs the services of an insurance producer licensed in property or casualty lines of authority or procures commercial risk insurance with the services of a full-time risk manager, and:

(A) Is a city, county, or metropolitan government with a population of at least fifty thousand (50,000), according to the 2010 federal census or any subsequent census;

(B) Is this state;

(C) Is a not-for-profit organization or a public entity with an annual budget of at least twenty-five million dollars (\$25,000,000) in the preceding fiscal year; or

(D) Is a commercial risk policyholder that annually certifies to the department on a form designated by the department that the policyholder:

(i) Possesses a net worth of more than ten million dollars (\$10,000,000) at the time the policy of insurance is issued;

(ii) Generated net revenue or sales of more than fifteen million dollars (\$15,000,000) in the preceding fiscal year;

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(iii) Employs more than twenty-five (25) employees per individual company or fifty (50) employees per holding company at the time the policy of insurance is issued; and

(iv) Paid annual aggregate insurance premiums of more than two hundred fifty thousand dollars (\$250,000) in the preceding fiscal year of commercial risk insurance as defined in § 56-5-302, excluding any premiums paid for accident and health insurance and workers' compensation and employer's liability insurance as defined in § 56-2-201; and

(2) "Risk manager" means a person who:

(A) Holds an Accredited Advisor in Insurance (AAI) or Associate in Risk Management (ARM) designation for property and casualty lines of authority;

(B) Holds a risk management in insurance degree from an accredited college or university for property and casualty lines of authority; or

(C) Is qualified by experience, as determined by the commissioner.

(b) Section 56-5-306(a) does not apply to a commercial risk policy issued to an exempt commercial risk policyholder by an insurer of commercial risk insurance.

(c) An insurer of commercial risk insurance is subject to the penalties provided in § 56-2-305 if the:

(1) Insurer does not comply with § 56-5-306(a) relative to a commercial risk insurance policy issued to a commercial risk policyholder; and

(2) Policyholder has not filed a certification as required by subdivision (a)(1)(D).

(d) The certification form filed by a commercial risk policyholder pursuant to subdivision (a)(1)(D) shall be confidential and not subject to title 10, chapter 7, part 5.

(e) Any application or policy issued to an exempt commercial risk policyholder shall contain a disclaimer in language the same as or substantially similar to the following:

The rate provided for in this policy and all forms utilized are exempt from the filing requirements of Tenn. Code Ann. § 56-5-306. The forms which make up this policy contract are exempt from the filing requirements of Tenn. Code Ann. § 56-5-306.

SECTION 2. This act shall take effect July 1, 2012, the public welfare requiring it.