

**RULES  
OF  
THE DEPARTMENT OF COMMERCE AND INSURANCE  
DIVISION OF INSURANCE**

**CHAPTER 0780—1—29  
ACCIDENT AND HEALTH POLICIES PROVIDING RETURN OF PREMIUM OR WITHDRAWAL BENEFITS**

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**0780—1—29—.01 TYPES OF BENEFITS.** This rule applies to individual accident and health policies providing a deferred benefit payable at the expiration date of the policy or after a specified date(s) based upon an amount equal to all or a stated portion, not less than 80%, of the total premiums paid on the policy, reduced by all or a specified portion, not less than 20%, of the total claims paid under the policy.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976.

**0780—1—29—.02 POLICIES TO WHICH SUCH BENEFITS MAY BE ATTACHED.** Such benefits may only be included in policies which are non-cancellable or guaranteed renewable, and which provide for level premiums.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976.

**0780—1—29—.03 PREMIUMS FOR BENEFITS MUST BE SEPARATELY STATED.** The additional premium for the benefit defined in 0780—1—29—.01 must be separately stated either in the policy or rider attached thereto.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976. Amendment filed June 30, 1989; effective August 14, 1989.

**0780—1—29—.04 WITHDRAWAL AND DEATH BENEFITS.** After completion of not more than five policy years a benefit must be payable upon termination of the policy or rider or both upon cessation of premium or upon death. The amount of benefit must be at least equal to the minimum reserve for the return of premium benefit, computed for this purpose on a five year preliminary term basis with five percent interest using a mortality table acceptable for a reserve purposes, with no discount for lapses and no claim offset. The actual withdrawal benefit paid may be reduced by all or a specified portion, not less than 20%, of the claims paid to date of withdrawal. If, after payment of the withdrawal benefit, any income benefits shall become payable on account of disability which commenced before the withdrawal benefit was paid, the policy may provide that commencement of such income payments shall be deferred until the payments accrued shall exceed the amount of the withdrawal benefit.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976.

**0780—1—29—.05 PREMIUMS WAIVED AND POLICY DIVIDENDS.** Policies must provide that a waived premium is both a paid premium and a claim payment and that dividends constitute a reduction of paid premiums.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976.

**0780—1—29—.06 ADDITIONAL PREMIUMS FOR RETURN OF PREMIUM BENEFITS.** A statement describing and explaining the actuarial assumptions made in determining the additional premiums charged must be filed with the policy or rider providing the benefits.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976.

**0780—1—29—.07 RESERVES FOR RETURN OF PREMIUM BENEFIT.** A statement describing the method of determining reserves including all of the actuarial assumptions involved must be filed with the policy or rider. Minimum reserves are those according to the one year preliminary term method and the mortality tables and rate of interest prescribed for reserves under regular accident and health benefits. No assumed lapse rate may be used in computing minimum reserves.

*Authority:* T.C.A. §§56—1—701 and 56—26—114. *Administrative History:* Original rule filed May 27, 1976; effective June 28, 1976.