

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

**0780-01-69
MINIMUM RESERVE STANDARDS FOR INDIVIDUAL AND GROUP HEALTH INSURANCE
CONTRACTS**

TABLE OF CONTENTS

0780-01-69-.01	Scope	Appendix A	
0780-01-69-.02	Calculation of Reserves	through	
0780-01-69-.03		Appendix C	Repealed
through			
0780-01-69-.07	Repealed		

0780-01-69-.01 SCOPE.

- (1) These standards apply to all individual and group accident and health insurance coverages except credit insurance, hereinafter "health insurance."
- (2) When an insurer determines that adequacy of its health insurance reserves requires reserves in excess of the minimum standards specified herein, such increased reserves shall be held and shall be considered the minimum reserves for that insurer.
- (3) With respect to any block of contracts, or with respect to an insurer's health business as a whole, a prospective gross premium valuation is the ultimate test of reserve adequacy as of a given valuation date. Such a gross premium valuation will take into account, for contracts in force, in a claims status, or in a continuation of benefits status on the valuation date, the present value as of the valuation date of: all expected benefits unpaid, all expected expenses unpaid, and all unearned or expected premiums, adjusted for future premium increases reasonably expected to be put into effect.
- (4) Such a gross premium valuation is to be performed whenever a significant doubt exists as to reserve adequacy with respect to any major block of contracts, or with respect to the insurer's health business as a whole. In the event inadequacy is found to exist, immediate loss recognition shall be made and the reserves restored to adequacy. Adequate reserves (inclusive of claim, premium and contract reserves, if any) shall be held with respect to all contracts, regardless of whether contract reserves are required for such contracts under these standards.
- (5) Whenever minimum reserves, as defined in these standards, exceed reserve requirements as determined by a prospective gross premium valuation, such minimum reserves remain the minimum requirement under these standards.

Authority: T.C.A. §§ 56-1-418 and 56-2-301. **Administrative History:** Original rule filed December 19, 1997; effective March 4, 1998. Amendments filed July 19, 2018; effective October 17, 2018.

0780-01-69-.02 CALCULATION OF RESERVES.

- (1) For policies issued on or after January 1, 2017, the minimum reserve standards for individual and group accident and health policies shall be calculated in accordance with the National Association of Insurance Commissioners (NAIC) Valuation Manual in effect for the period at the time of the review of the adequacy of the minimum reserves. The commissioner may also employ other guidelines or procedures the commissioner deems appropriate.

(Rule 0780-01-69-.02, continued)

- (2) Reserve standards for policies issued before January 1, 2017, including claims incurred before, on and after January 1, 2017, on those policies, shall follow the requirements in the NAIC Accounting Practices and Procedures Manual, Appendix A, A-010.

Authority: T.C.A. §§ 56-1-418; 56-1-901, et seq.; 56-1-904; 56-1-906; 56-1-909; and 56-2-301.
Administrative History: Original rule filed December 19, 1997; effective March 4, 1998. Amendments filed July 19, 2018; effective October 17, 2018.

0780-01-69-.03 REPEALED.

Authority: T.C.A. §§ 56-1-418 and 56-2-301. **Administrative History:** Original rule filed December 19, 1997; effective March 4, 1998. Repeal filed July 19, 2018; effective October 17, 2018.

0780-01-69-.04 REPEALED.

Authority: T.C.A. §§ 56-1-418 and 56-2-301. **Administrative History:** Original rule filed December 19, 1997; effective March 4, 1998. Repeal filed July 19, 2018; effective October 17, 2018.

0780-01-69-.05 REPEALED.

Authority: T.C.A. §§ 56-1-418 and 56-2-301. **Administrative History:** Original rule filed December 19, 1997; effective March 4, 1998. Repeal filed July 19, 2018; effective October 17, 2018.

0780-01-69-.06 REPEALED.

Authority: T.C.A. §§ 56-1-418, 56-1-901, et seq., 56-1-904, 56-1-906, 56-1-909, and 56-2-301.
Administrative History: Emergency rules filed April 11, 2017; effective through October 8, 2017. Amendments filed July 7, 2017; effective October 5, 2017. Repeal filed July 19, 2018; effective October 17, 2018.

0780-01-69-.07 REPEALED.

Authority: T.C.A. §§ 56-1-418, 56-1-901, et seq., 56-1-904, 56-1-906, 56-1-909, and 56-2-301.
Administrative History: Emergency rules filed April 11, 2017; effective through October 8, 2017. Amendments filed July 7, 2017; effective October 5, 2017. Repeal filed July 19, 2018; effective October 17, 2018.

APPENDIX A. REPEALED.

APPENDIX B. REPEALED.

APPENDIX C. REPEALED.