

HOUSE BILL 1318

By Kumar

AN ACT to amend Tennessee Code Annotated, Title 56,
Chapter 2, relative to insurance settlement
payments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 56, Chapter 2, is amended by adding
the following as a new part:

56-2-1101.

As used in this part:

(1) "Commissioner" means the commissioner of commerce and
insurance; and

(2) "Insurance company":

(A) Means a legal entity or natural person engaged as a principal
in the business of insurance and licensed pursuant to this title; and

(B) Includes a representative of, or attorney for, the insurance
company.

56-2-1102.

An insurance company shall provide written notice to a claimant at the same time
payment of a settlement of a third-party liability claim is made by the insurance company
by draft, check, or otherwise to the claimant's attorney or representative.

56-2-1103.

This part does not:

(1) Create a cause of action for a natural person or entity, other than the
commissioner, against the insurance company based upon:

- (A) A failure to serve notice as described in § 56-2-1102; or
 - (B) Defective service of notice as described in § 56-2-1102;
- (2) Establish a defense for a party to a cause of action based upon:
- (A) A failure to serve notice as described in § 56-2-1102; or
 - (B) Defective service of notice as described in § 56-2-1102; or
- (3) Invalidate or otherwise affect the settlement for which the payment was made by the insurance company.

SECTION 2. The commissioner of commerce and insurance is authorized to promulgate rules to effectuate this act. The rules must be promulgated in accordance with the Uniform Administrative Procedures Act, compiled in Tennessee Code Annotated, Title 4, Chapter 5.

SECTION 3. This act takes effect upon becoming a law, the public welfare requiring it.