

[Insurance Consumer Rights in Tennessee \(2022\)](#)

Insurance policies are contracts and legal rules come into play when you file an insurance claim. You are “the insured” and your insurance company is “the insurer.” Understanding how your insurer should handle your claim and what your rights are will help you navigate the process, be your own best advocate and collect all available policy benefits to cover your losses.

After disasters, it’s common for an insurer to rotate adjusters, which means you will have to work with multiple adjusters before your claim is resolved. Knowing your legal rights will make it easier for you deal with rotating adjusters and keep your claim on track toward a fair and full claim settlement without unreasonable delays.

Your insurance company and its employees are required to be fair and reasonable and follow state laws and regulations. They must do a timely, thorough and unbiased investigation and assessment of your loss(es) and claim. They must work with you to adjust your claim and pay what they owe in a timely and fair manner and in full compliance with the policy contract and applicable laws.

Insurance company claim adjusters are supposed to be trained on your state’s laws and claim handling regulations, but it’s often up to you to make sure they’re valuing your losses fairly, offering all benefits you’re entitled to, and following the regulations and laws in your state.

Use the guidance and sample letters you’ll find on our website to [“speak UP”](#) and collect all benefits you’re entitled to under the policy you paid for.

The information included here will give you a basic understanding of how the claim process should go and the legal rights that give you leverage to get a fair outcome. Here are the places where your rights as a Tennessee insurance consumer are spelled out:

- **Tennessee Code Annotated (TCA)**
[TCA §56-7-105 - Bad Faith Statute](#)

TCA §47-18-109 - Consumer Protection Act

TCA §56-8-101 to §56-8-113 - Unfair Claims Settlement Act

**-Rules of Tennessee Department of Commerce and Insurance.
Division of Insurance**

0780-01-05 - Unfair Claims Settlement Practices.

- Notices and bulletins issued by the Tennessee Division of Insurance.

Claim Communications

UP strongly recommends keeping a daily claim journal. As often as possible, jot down the date, time, and details of conversations, issues, problems and agreements with the adjuster assigned to your claim and other professionals such as contractors, government agencies, etc.

Also, we strongly recommend communicating in writing with insurance company representatives so there is a clear paper trail of how your claim is being handled. These days many communications will be via email, so make sure to save those emails where you can find them. After in-person or phone conversations with insurance company representative you should send short follow-up emails or letters summarizing what was said or agreed to. Document that you're cooperating fully with the insurer. This will prevent them from blaming you for delays and confirm that you're holding up your end of the bargain.

Check out our "[Speak UP](#)" tips on being politely assertive, organized and avoiding delays and misunderstandings.

Time Frames and Deadlines

Below are timeframes and deadlines to be aware of. After a disaster, deadlines can become unrealistic due to shortages of available inspection, clean up and construction professionals. Speak UP! Document

the contractors or service providers you called, who you spoke with, and what they told you in your claim journal. Sometimes following a natural disaster more work exists than skilled labor can support and it is important to document that you kept trying to find someone to help protect your property following a loss.

Processing your claim

30 Days - Every Insurer upon receiving notification of a claim, shall, within thirty (30) days, acknowledge the receipt of such notice unless payment is made within that period of time.

[0780-01-05.07\(1\)](#)

Communicating information to you

30 Days - An appropriate reply shall be made within thirty (30) days on all other pertinent communications from a first party claimant which reasonably suggest that a response is expected.

[0780-01-05.07\(3\)](#)

Investigating your claim

30 Days - The insurer shall, within thirty (30) days after concluding a coverage investigation, notify the first party claimant of the findings of the investigation. [0780-01-05-.08\(3\)](#)

Paying or denying your claim

30 Days - The insurer shall tender payment within thirty (30) days of affirmation of liability, if the amount of the claim is determined and not in dispute, unless the policyholder does not want payment within thirty (30) days. [0780-01-05-.08\(6\)](#)

More time - If the insurer needs more time to determine whether liability for a first party claim should be accepted or denied, it shall so notify the first party claimant within sixty (60) days after receipt of the proofs of loss and such information or documents required under the policy, giving the reasons more time is needed. If the investigation remains incomplete, the insurer shall, sixty (60) days from the initial notification and every sixty (60) days thereafter, send to the first party claimant a letter setting forth the reasons additional time is needed for investigation. [0780-01-05-.08\(2\)](#)

Preserving your right to sue if necessary

30 Days - Insurers shall give notice of an applicable statute of limitations to first party claimants at least thirty (30) days before the date on which such statute of limitations may expire. [0780-01-05-.08\(5\)](tel:0780-01-05-08(5))

There is typically a deadline in your insurance policy for filing a lawsuit related to a claim. Check your policy for a “suit against us” provision, or similarly worded provision, to find that deadline. It’s typically 12 months from the date of loss or the date your insurer closes your claim. However, the laws in your state that apply to lawsuit deadlines may extend the period stated in your policy, so it’s best to check with an experienced Tennessee state attorney to avoid losing your legal rights and the leverage those rights give you to get a fair payout on a claim.

Policies With Replacement Cost Coverage. [0780-01-05-10](tel:0780-01-05-10)

(1) When the policy provides for the adjustment and settlement of first party losses based on replacement cost, the following shall apply:

(a) When a loss requires repair or replacement of an item or part, any consequential physical damage incurred in making such repair or replacement not otherwise excluded by the policy, shall be included in the loss. The insured shall not have to pay for any cost except for betterment and any applicable deductible under the policy.

(b) When a loss requires replacement of items and the replaced items do not match in quality, color or size, the insurer shall replace items so as to conform to a reasonably uniform appearance according to the applicable policy provisions. This applies to interior and exterior losses. The insured shall not bear any cost over the applicable deductible, if any.

(2) Actual Cash Value:

(a) When the insurance policy provides for the adjustment and settlement of losses on an actual cash value basis on residential fire and extended coverage, the insurer shall determine actual cash value as follows: replacement cost of property at time of loss less depreciation, if any. Upon the insured’s request,

the insurer shall provide a copy of the claim file worksheets detailing any and all deductions for depreciation.

(b) In cases in which the insured's interest is limited because the property has nominal or no economic value, or a value disproportionate to replacement cost less depreciation, the determination of actual cash value as set forth above is not required. In such cases, the insurer shall provide, upon the insured's request, a written explanation of the basis for limiting the amount of recovery along with the amount payable under the policy

Unfair Claim Practices

Your insurer is prohibited from using unfair claim practices and/or treating you badly during the claim process. These practices are set out in the Unfair Trade Practices and the Unfair Claims Settlement Act. Tennessee has adopted the Unfair Claims Settlement Act in 2009. The following are a few examples listed in [56-8-105 Unfair claims practices defined](#):

Any of the following acts by an insurer or person constitutes an unfair claims practice:

- (1)** Knowingly misrepresenting relevant facts or policy provisions relating to coverages at issue;
- (2)** Failing to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its policies;
- (3)** Failing to adopt and implement reasonable standards for the prompt investigation and settlement of claims arising under its policies;
- (4)** Except when the prompt and good faith payment of claims is governed by more specific standards, not attempting in good faith to effectuate prompt, fair and equitable settlement of claims submitted in which liability has become reasonably clear;
- (5)** Compelling insureds or beneficiaries to a life insurance contract to institute suits to recover amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits

brought by them; provided, that equal consideration shall be given to the relationship between the amount claimed and the amounts ultimately recovered through litigation or other valid legal arguments;

(6) Refusing to pay claims without conducting a reasonable investigation except when denied because of an electronic submission error by the claimant;

(7) Failing to affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed;

(8) Attempting to settle or settling claims for less than the amount that a reasonable person would believe the insured or beneficiary was entitled by reference to written or printed advertising material accompanying or made part of an application; provided, that this subdivision (8) does not apply to settlement of, or attempts to settle, claims by third-party claimants;

(9) Attempting to settle or settling claims on the basis of an application that was materially altered without notice to, or knowledge or consent of, the insured;

(10) Making claims payments to an insured or beneficiary without indicating the coverage under which each payment is being made. Nothing in this subdivision (10) shall be construed to require specific coverage identification for payments made to meet urgent needs of an insured; provided, that the insured, at or before the final settlement of the claim, receives a written explanation indicating the coverage or coverages under which the payments are made;

(11) Unreasonably delaying the investigation or payment of claims by requiring both a formal proof of loss form and subsequent verification that would result in duplication of information and verification appearing in the formal proof of loss form. Nothing contained in this subdivision (11) shall be construed as obligating any insurer to make a decision upon any claim without sufficient investigation and information to determine if the claim, or any part of the claim, is false, fraudulent, or for an excessive amount;

(12) Failing, in the case of claims denials or offers of compromise settlement, to promptly provide a reasonable and accurate explanation of the basis for such actions. Nothing contained in this subdivision (12) shall be construed as obligating any insurer to make a decision upon any claim without sufficient investigation and information to determine if the claim, or any part of the claim, is false, fraudulent, or

for an excessive amount. Further, this subdivision (12) shall not apply to denials of, or offers of compromise settlement of, third-party claims;

(13) In response to a request for claims forms, failing to provide forms necessary to present claims within fifteen (15) calendar days of such a request with reasonable explanations regarding their use;

(14) If the insurer owns a repairer or requires a repairer to be used, the insurer's failure to adopt and implement reasonable standards to assure that the repairs are performed in a workmanlike manner;

Remedies: Filing an official complaint with your State Insurance Agency

The Department of Commerce and Insurance regulates how insurance companies operate in the state. They can impose penalties on your insurance company if they did not comply with the laws in your state that require insurers to handle claims fairly and in good faith.

Visit [Insurance Resources for Tennessee](#) for resources and tips on the process and strategy of filing a formal complaint.

You can call the Office of the Insurance Commissioner consumer hotline with any questions or complaints toll-free at 800-342-4029, email insurance questions to Ask.TDCI@TN.Gov, file a complaint online, by going to <https://sbs.naic.org/solar-web/pages/public/onlineComplaintForm/onlineComplaintForm.jsf?state=tn&dswid=3627> select "File a Complaint" for an online form. Their mailing address is:

Attn: Consumer Insurance Services

500 James Robertson Parkway
10th Floor
Nashville, TN 37243

Special rules that may be in place after a disaster

Check the Tennessee State Office of the Insurance Commissioner's website regularly to find all rules, regulations or other updates they may have put out that are specific to the disaster.

<https://www.tn.gov/commerce/insurance/rules-and-laws/insurance-bulletins.html>

After past disasters, special rules have been put into place such as:

- Requirements that insurers advance funds for temporary expenses instead of requiring you to incur and submit receipts.
- Requirements that insurers extend deadlines for submitting proofs of loss and other documents.
- Agreements with insurers that they will accept less detailed contents inventories.

Hiring Professional Help

When you paid your premium, you paid for coverage *and* good claim service. In theory, you should not have to hire outside help to get what you already paid for. However, in reality, you may need to. You have the right to hire an attorney or public adjuster to help navigate your claim. However, we urge caution before agreeing to pay a portion of your insurance benefits to any professional, and before hiring anyone to speak for you or negotiate on your behalf with your insurance company. Only hire someone who has strong references and who is likely to add value to your claim and recover more funds more quickly than you'd be able to recover on your own.

Attorneys – If you hire an attorney to resolve an insurance claim dispute, try to hire them on a contingency (not hourly) fee basis and agree to advance litigation costs. Claim disputes are time-consuming, so it gets expensive fast when you pay by the hour. Ideally, arrange for one or two qualified attorneys to do an initial evaluation of your situation free of charge. Only hire one that has represented insurance consumers in claim disputes and is a member in good standing of the Tennessee Bar. Visit our [Tennessee Professional Help Directory](#). We strongly recommend reading our publication titled [“Questions and Answers for Hiring an Attorney for an Insurance Claim”](#) before making this important decision.

Public Adjusters – A qualified public adjuster can value your losses, handle the day-to-day aspects of your claim and negotiate a settlement on your behalf. Generally speaking, if you hire a public adjuster, you agree to pay them a percentage of the insurance benefits they recover on your behalf – not an

hourly fee. Tennessee public adjusters can also be found by visiting our [Tennessee Professional Help Directory](#). We strongly recommend reading our publication titled [“Questions to Ask Before Hiring a Public Adjuster”](#) before making this important decision.

Using the Legal System to get a Fair Settlement

If you haven't been able to get a fair insurance claim settlement on your own or with help from a professional and/or your state's insurance oversight agency, filing a lawsuit is your next option. If your lawsuit is successful, you can recover what the insurer owed and (ideally) also get compensation for the expenses you incurred chasing the policy benefits you were entitled to in the first place. Your success in using the legal system to get a fair settlement will depend on the quality of the lawyer(s) you hire, the laws in your state and the facts in your case.

It's common to worry that a lawsuit will be too time consuming or expensive (or both), but if you get the right lawyer and your case is strong, suing an insurer is often the best and only way to recover what you're owed. Finding a qualified lawyer is essential. Insurance matters require specialized expertise and you need a strong advocate who speaks the language and has previous experience litigating against an insurance company.

Start in our [“Find Help”](#) section and click on your state to find professionals who specialize in representing policyholders and support United Policyholders. You'll find many lawyers on the Internet that advertise as insurance specialists, and many of their websites have a chat window that pops up as soon as you visit their site. Speak directly to the lawyer who'd be handling your case and interview them about their insurance and litigation experience. Get and check client references. A lawsuit is a major undertaking but is often the best way to get full compensation, so be an astute consumer and choose your attorney carefully.

The cost of hiring an attorney varies from firm to firm. The two main options are attorneys who charge by the hour and those who work on contingency. For most policyholders, hiring an attorney on a “contingency” fee basis is the only feasible way of doing battle with a well-funded insurance company. Hourly fees for lawyers vary according to firm size, experience of the attorney, and geographic location. While attorneys who work on contingency usually set their fee at 33% of the amount they recover on your behalf, that may increase to 40% if your case goes to trial. Most cases settle before trial. In some states you may not have the option of hiring an attorney on a contingency fee basis.

Using the legal system gives you leverage to get a better settlement and a lawsuit is a valuable tool. For more guidance on what to consider before suing your insurance company, read [Hiring an Attorney for an Insurance Claim](#).

Best Practices

Visit and use [UP's Claim Guidance Help Library](#) to get information throughout the recovery process:

Follow these steps:

Inventory and document your losses. Take pictures of identifiable items before they're removed for disposal or repairs before your lot gets cleared. Create detailed lists of damaged property. If your home was seriously damaged or completely destroyed, get at least one, ideally two, independent repair/replacement cost estimates.

Cooperate with your insurer as best you can and keep a good paper trail. If you are not able to stay in your home, make sure the company has an address and phone number where it can reach you.

Be present for inspections. It's a good idea to be home when the adjuster and or others inspect your property. Feel free to ask your contractor to be there with you to explain his/her opinions and estimates to the insurance company's representatives.

Make only urgent/temporary repairs before filing a claim. Your insurance company may deny your claim if you make permanent repairs before it inspects. If you're not sure if your company considers a repair to be permanent, ask your company (in writing) before starting any repair work. The cost of these repairs and for storing personal belongings is likely covered by your policy.

Keep receipts. Your insurer will usually require you to provide receipts before they'll reimburse you for expenses due to losing the use of all or part of your property. This is also true for collecting full replacement costs above depreciated/actual cash values. On our website you'll find a free expense spreadsheet to help you keep track.

Speak UP. Be politely assertive, communicate clearly, and set realistic goals during the claim process.