

*** Current through the 2012 Regular Session ***

Title 56 Insurance
Chapter 8 Unfair Competition and Unfair or Deceptive Practices
Part 1 Unfair Trade Practices and Unfair Claims Settlement Act of 2009

Tenn. Code Ann. § 56-8-105 (2012)

56-8-105. Unfair claims practice.

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; or

(15) Failing to make payment of workers' compensation benefits as such payment is required by the commissioner of labor and workforce development or by title 50, chapter 6.

HISTORY: Acts 2008, ch. 1079, §§ 1, 6.