STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37219

NED McWHERTER
GOVERNOR

ELAINE A. McREYNOLDS
COMMISSIONER

M E M O R A N D U M

TO: Howard Magill, Chief Actuary
Sharon K. Roberson, Chief Counsel for Insurance
Bill Hosea, Director of Financial Affairs
Newton Black, Director of Investigations

FR: David J. Kumatz DJK
Assistant Commissioner for Insurance

RE: Life Insurance Reinsurance (Assumption) Agreements

DA: January 10, 1989

In the case where a reinsurer assumes total liability for life insurance policies (to be distinguished from a reinsurance transaction where the ceding insurer remains directly liable to the policies), the Department requires an assumption certificate to be issued to the policyholder containing language similar to that in the attached exhibit. Basically, this language makes clear that the insured waives no rights it may have against the ceding insurer. In the unlikely event the reinsurer should become insolvent, the policyholder could pursue his rights against the ceding insurer, which would then have to seek reimbursement from the ceding insurers estate.

Attached you will also find a memorandum and supporting cases.

DJK/cmf

Attachment

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

INDEMNIFIED EMPLOYEE WELFARE
BENEFIT PLAN REGISTRATION FORM

Date: _____

(1) Employer Name and Address:

_____

_____

_____

_____

(2) Federal Employer Identification Number:

_____

(3) Number of employees covered by Employee Welfare Benefit Plan.

_____

(4) Amount deposited in the Insurance Reserve Fund for the plan:

$_____

(5) Attach a copy of the insurance benefits provided to employees and their dependents under such plan.

(6) Attach a copy of any indemnity supplemental insurance that insures the plan benefits, with disclosure of the point at which the indemnity insurance begins coverage of those plan benefits.

NOTICE:

Registration shall be filed and received in the office of the Department of Commerce and Insurance no later than midnight of January 31 of each year.

Any plan that violates the provisions of T.C.A. Title 56, Chapter 40 shall be subject to a fine and/or a civil penalty of not less than one hundred dollars ($100.00) nor more than one thousand ($1,000) for each violation. Each year that a Plan fails to register in accordance with T.C.A. Title 56, Chapter 40 shall constitute a separate violation.