TN Department of Commerce & Insurance

Bulletin

To: Licensed Tennessee Insurance Carriers
From: Julie Mix McPeak, Commissioner
Re: Prior Notice to the Payment of Ordinary Dividends
Date: July 20, 2015

The Tennessee Department of Commerce and Insurance ("Department") has been made aware of uncertainty relative to reporting requirements surrounding the payment of all dividends. This Bulletin is issued pursuant to the powers of the Commissioner described in TCA § 56-11-107(b) that permit the Commissioner to order the production of information reasonably necessary to determine compliance with Title 56, Tennessee Insurance Laws. The purpose of this Bulletin is to clarify notice requirements regarding the payment of ordinary dividends.

The State enacted 2010 revisions to the National Association of Insurance Commissioners (NAIC) Model Insurance Holding Company System Act during the 2014 legislative session. Prior to the enactment of those revisions, Tennessee statutes required that insurance carriers and health maintenance organizations report to the Commissioner, for informational purposes, at least ten (10) days prior to the payment of all dividends, subject to TCA 56-11-106(b).

Pursuant to the authority vested to the Commissioner under TCA § 56-11-107(b), the Department will continue its prior practice of requiring notice at least ten (10) days prior to the payment of all dividends effective July 20, 2015. This guidance does not revise or otherwise impact notice requirements placed on extraordinary dividend distributions pursuant to TCA § 56-11-106(b). However, companies are reminded that the Department determines whether a dividend is ordinary or extraordinary and that any questions about the classification of a dividend should be addressed with the Department prior to payment.

The required notice described in this Bulletin is in addition to the reporting requirements under TCA § 56-11-105(e). That provision states:

> **(e) Reporting of Dividends to Shareholders.** Subject to § 56-11-106(b), each registered insurer and each registered health maintenance organization shall report to the commissioner all dividends and other distributions to shareholders within fifteen (15) business days following the declaration thereof.

Any questions about the intent of this Bulletin should be directed to the Assistant Commissioner for Insurance at 615-741-2176.