STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
Nashville, Tennessee

BULLETIN

TO: All Insurers Offering Homeowners Insurance in Tennessee

FROM: Julie Mix McPeak, Commissioner

RE: Defining Sinkhole Statutes "Make Available" Provision

DATE: June 12th, 2014

The Tennessee Department of Commerce and Insurance ("Department") has been made aware that certain insurers offering homeowner property insurance coverage in this State are only making coverage available for insurable sinkhole losses at the inception of a homeowners insurance policy. The purpose of this Bulletin is to clarify that the Department interprets the "make available" provision in 56-7-130 to mean that companies may not limit the availability of coverage for insurable sinkhole losses to the inception of a policy.

Tennessee Code Annotated, Section 56-7-130(b), as revised by Public Chapter 537 states:

> (b) Every insurer offering homeowner property insurance in this state shall make coverage available for insurable sinkhole losses, including contents of personal property contained in the dwelling. The insurer may require an inspection of the property before issuance of sinkhole loss coverage. Nothing in this section mandates that sinkhole loss coverage be included in any homeowner property insurance policy, but only that insurers offering homeowner property insurance make such coverage available for optional purchase on request by policyholders.

The Department believes that the statute clearly requires that coverage for sinkhole losses be made available for purchase upon request of a consumer. The Department interprets the statute to apply that availability to the initial purchase of a policy and upon the request of a consumer thereafter.

The failure to comply with Tennessee insurance laws may result in penalties and fines defined under Tennessee Code Annotated, Section 56-2-305.

This Bulletin does not repeal or replace Departmental guidance from August 18, 2006, related to the Offer of Sinkhole Coverage, except where that guidance is inconsistent with this Bulletin, including in the citation of the "make available" provision.

Any questions about the intent of this Bulletin should be directed to the Insurance Division's Policy Analysis Section, 7th Floor, Davy Crockett Tower, 500 James Robertson Parkway, Nashville, Tennessee, 37243, and/or telephone number (615) 741-2825.