

[Tenn. Code Ann. § 56-1-212.]

§ 56-1-212. Commissioner's authority to regulate – Conversion of health insurance business: Department of Commerce and Insurance

(a) Notwithstanding any provision of this title to the contrary, the commissioner shall have the same authority to regulate and shall apply the same substantive standards to hospital and medical service corporations licensed pursuant to chapter 29 of this title as shall apply to health insurers doing business pursuant to chapter 26, part 1 of this title.

(b)

(1) Prior to engaging in any transaction or series of transactions the net effect of which shall be to effectuate the conversion by any method, directly or indirectly, of all or substantially all of the health insurance business of the nonprofit hospital and medical service corporation, as measured by annual revenue on a consolidated basis, to a for-profit entity of any kind the equity interest of which is not wholly owned by the corporation or its insureds, the service corporation shall file with the commissioner a written notice of its intention to do so. The commissioner shall, upon receipt of the notice, forward a copy of the notice to the governor and to the speaker of the house of representatives and the speaker of the senate. The service corporation shall take no action to effectuate the completion of the conversion for a period of one (1) year from the date of the filing, or until the end of the next regular session of the general assembly in the year following the year in which the notice is given in the event the one-year period does not include a full, regular legislative session of the general assembly.

(2) For the purposes of subdivision (b)(1):

(A) "All or substantially all of the health insurance business" shall not include the sale of all or part of the assets of equity interest in a subsidiary company unless the subsidiary company constitutes in excess of seventy-five percent (75%) of the total consolidated annual revenue of the service corporation as reflected on its annual statement for the preceding year; and

(B) The transfer of health insurance business of the service corporation shall not be deemed to include the contracting or subcontracting of business or business functions.

(c) Notwithstanding any law to the contrary, the board of directors of the service corporation licensed pursuant to chapter 29 of this title, shall meet all of the requirements for boards of directors of nonprofit corporations pursuant to title 48, chapter 58, part 1. To the extent that chapter 29 of this title conflicts with title 48, chapter 58, title 48, chapter 58 shall control.