

SENATE BILL 1862

By Stevens

AN ACT to amend Tennessee Code Annotated, Title 56,
relative to insurance.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 56-7-102, is amended by designating the existing language as subsection (a) and by adding the following as new subsections:

(b) A policy of insurance is a contract and the rules of construction used to interpret a policy of insurance are the same as any other contract.

(c) A policy of insurance must be interpreted fairly and reasonably, giving the language of the policy of insurance its ordinary meaning.

(d) A policy of insurance must be construed reasonably and logically as a whole.

(e) An insurance company's duty to defend depends solely on the allegations contained in the underlying complaint describing acts or events covered by the policy of insurance. This subsection (e) does not impose a duty to defend on an insurance company that has no duty to defend pursuant to this title or that has an express exclusion of the duty to defend in the policy of insurance.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.