

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact § 38.2-3407.1 of the Code of Virginia, relating to interest on accident and sickness claim proceeds; provider services rendered outside of the Commonwealth.

[H 2655]

Approved

Be it enacted by the General Assembly of Virginia:

1. That § 38.2-3407.1 of the Code of Virginia is amended and reenacted as follows:

§ 38.2-3407.1. Interest on accident and sickness claim proceeds.

A. If an action to recover the claim proceeds due under an individual or group accident and sickness policy results in a judgment against an insurer, interest on the judgment at the legal rate of interest shall be paid from the date of presentation to the insurer of proof of loss to the date judgment is entered.

B. If no action is brought, interest upon the claim proceeds paid to the policyholder, insured, claimant, or assignee entitled thereto shall be computed daily at the legal rate of interest from the date of fifteen working days from the insurer's receipt of proof of loss to the date of claim payment.

C. This section shall not apply to individual policies issued prior to July 1, 1990, but shall apply to any renewals or reissues of group accident and sickness policies occurring after that date.

D. This section shall not apply to claims for which payment has been or will be made directly to health care providers pursuant to a negotiated reimbursement arrangement requiring uniform or periodic interim payments to be applied against the insurer's obligation on such claims.

E. For purposes of this section, "proof of loss" means all necessary documentation reasonably required by the insurer to make a determination of benefit coverage.

F. *This section shall not apply to claims proceeds payable to an out-of-state provider of pharmacy services for pharmacy services rendered outside of the Commonwealth. Notwithstanding the foregoing sentence, this section shall apply to claims proceeds payable to such an out-of-state provider if the state where such services are rendered fails to provide for the payment of interest on the claims proceeds. If this section is applicable to claims proceeds payable to such an out-of-state provider as a result of the failure of such other state to provide for the payment of interest on the claims proceeds, then, notwithstanding the provisions of subsection B, interest upon the claim proceeds paid to the policyholder, insured, claimant, or assignee entitled thereto shall be computed daily at the legal rate of interest from the thirtieth day following the insurer's receipt of proof of loss to the date of claim payment.*