

VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

CHAPTER 75

An Act to amend and reenact §§ 38.2-3407.1 and 38.2-4306.1 of the Code of Virginia, relating to accident and sickness insurance; interest on claims proceeds.

[S 437]

Approved March 5, 1996

Be it enacted by the General Assembly of Virginia:

1. That §§ 38.2-3407.1 and 38.2-4306.1 of the Code of Virginia are 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. No insurer shall be required to pay interest computed under this section if the total interest is less than five dollars.~~

~~D. 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.

~~E. 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.

~~F. 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.

§ 38.2-4306.1. Interest on claim proceeds.

A. If an action to recover the claim proceeds due under a health care plan results in a judgment against a health maintenance organization, interest on the judgment at the legal rate of interest shall be paid from the date of presentation to the health maintenance organization of proof of loss to the date judgment is entered.

B. If no action is brought, interest upon the claim proceeds paid to the subscriber, claimant, or assignee entitled thereto shall be computed daily at the legal rate of interest from the date of thirty calendar days from the health maintenance organization's receipt of proof of loss to the date of claim payment.

~~C. No health maintenance organization shall be required to pay interest computed under this section if the total interest is less than five dollars.~~

~~D. C.~~ This section shall not apply to individual contracts issued prior to July 1, 1990, but shall apply to any renewals or reissues of group contracts occurring after that date.

~~E. This section shall not apply to claims for which payment has been made or will be made directly to participating providers by the health maintenance organization.~~

~~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 health maintenance organization's obligation on such claims.~~

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