

# 1999 SESSION

INTRODUCED

992446254

## HOUSE BILL NO. 2643

Offered January 21, 1999

*A BILL to amend the Code of Virginia by adding a section numbered 38.2-3407.1:1, and to repeal § 38.2-3407.1 of the Code of Virginia, relating to interest on accident and sickness claim proceeds; escrow accounts; penalty.*

Patrons—Griffith, Bryant, Cranwell, Devolites, Dillard, Hamilton, Jones, S.C., Katzen, Kilgore, Landes, McDonnell, Rust, Wilkins and Woodrum

Referred to Committee on Corporations, Insurance and Banking

### **Be it enacted by the General Assembly of Virginia:**

#### **1. That the Code of Virginia is amended by adding a section numbered 38.2-3407.1:1 as follows:**

*§ 38.2-3407.1:1. Interest on accident and sickness claim proceeds; escrow accounts.*

*A. Within fifteen working days from the insurer's receipt of proof of loss, an insurer shall (i) pay the claim or (ii) place into an interest-bearing demand escrow account, an amount equal to the usual and customary fees charged for the services rendered.*

*B. 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.*

*C. All interest earned from the money placed in escrow pursuant to subsection A shall be paid annually to the Virginia Indigent Health Care Trust Fund established pursuant to Chapter 11 (§ 32.1-332 et seq.) of Title 32.1. Contributions to the Fund by insurers shall be made once annually in January of each calendar year beginning in January 2000. The policy and details relating to receipt of contributions shall be prescribed by the Board.*

*D. Any person who knowingly and willfully fails to pay in a timely manner the contribution to the Fund required by this section shall be civilly liable in an amount not to exceed \$500 per incident. All penalties collected under this subsection shall be collected and remitted to the Virginia Indigent Health Care Trust Fund.*

#### **2. That § 38.2-3407.1 of the Code of Virginia is repealed.**

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