

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

2 An Act to amend the Code of Virginia by adding in Chapter 2 of Title 38.2 a section numbered
3 38.2-236, relating to notification of settlement payment.

4
5 Approved

[S 984]

6 Be it enacted by the General Assembly of Virginia:

7 1. That the Code of Virginia is amended by adding in Chapter 2 of Title 38.2 a section numbered
8 38.2-236 as follows:

9 § 38.2-236. *Notice of settlement payment.*

10 A. Upon payment by any insurer of at least \$5,000 in a single check to an attorney licensed in the
11 Commonwealth, or other representative, in settlement or satisfaction by an insured or a third party of
12 any claim arising out of an insurance policy issued or delivered in the Commonwealth, the insurer shall
13 send to the claimant or judgment creditor on the underlying insurance or liability claim a notice of such
14 payment as required by subsection B within five business days after the date payment is made or sent to
15 the attorney or other representative of the claimant or judgment creditor. A copy of the notice shall be
16 sent simultaneously to the attorney or representative of the claimant or judgment creditor.

17 B. The notice required pursuant to subsection A shall be sent to the physical address, or email or
18 other electronic address, furnished by the claimant or judgment creditor to the insurance company,
19 unless the claimant or judgment creditor has notified the insurance company in writing that he waives
20 notice of payment. In the absence of any address or waiver furnished by the claimant or judgment
21 creditor, the notice shall be sent to the last known physical address, or email or other electronic
22 address, of the claimant or judgment creditor.

23 The notice shall be sent by the insurance company only after a settlement has been agreed to by the
24 attorney or other representative of the claimant or judgment creditor, and shall contain only the
25 following language:

26 "Pursuant to § 38.2-236 of the Code of Virginia, you are hereby notified that a payment was sent on
27 (insert date on which payment was sent) by (insert name of insurer) to your attorney or other
28 representative (insert name, address, and telephone number of attorney or other representative known to
29 insurer), in satisfaction of your claim or judgment against (insert name of insurer, or insured, whichever
30 is appropriate).

31 If you have any questions, please contact your attorney or other representative."

32 C. Nothing in subsection A or B shall (i) create any cause of action for monetary damages for any
33 person against an insurer based upon a failure to provide notice as required by this section or the
34 provision of a defective notice, (ii) establish a defense for any person to any cause of action based on a
35 failure to provide notice as required by this section or the provision of a defective notice, or (iii)
36 invalidate or in any way affect the settlement or satisfaction for which the payment was made by the
37 insurer.

38 D. Except as provided and authorized by this section, no insurer shall otherwise communicate with a
39 claimant or judgment creditor known to be represented by an attorney licensed in the Commonwealth,
40 or other representative, regarding settlement of a claim or satisfaction of a judgment without the written
41 consent of such attorney or other representative.

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