HOUSE BILL NO. 375

AN ACT TO AMEND SECTIONS 83-9-3 AND 83-9-5, MISSISSIPPI CODE OF 1972, TO PROVIDE FOR THE ASSIGNMENT OF INSURANCE BENEFITS BY THE INSURED TO A LICENSED HEALTH CARE PROVIDER; AND FOR RELATED PURPOSES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

SECTION 1. Section 83-9-3, Mississippi Code of 1972, is amended as follows:

83-9-3. (1) No policy of accident and sickness insurance shall be delivered or issued for delivery to any person in this state unless:

(a) The entire money and other considerations therefor are expressed therein; and

(b) The time at which the insurance takes effect and terminates is expressed therein; and

(c) It purports to insure only one (1) person, except that a policy may insure, originally or by subsequent amendment, upon the application of an adult member of a family who shall be deemed the policyholder, any two (2) or more eligible members of that family, including husband, wife, dependent children or any children under a specified age which shall not exceed nineteen (19) years, and any other person dependent upon the policyholder; and

(d) The style, arrangement and overall appearance of the policy give no undue prominence to any portion of the text, and unless every printed portion of the text of the policy and of any endorsements or attached papers is plainly printed in lightfaced type of a style in general use, the size of which shall be uniform and not less than ten-point with a lowercase unspaced
alphabet length not less than one hundred and twenty-point (the
"text" shall include all printed matter except the name and
address of the insurer, name or title of the policy, the brief
description if any, and captions and subcaptions); and

(e) The exceptions and reductions of indemnity are set
forth in the policy and, except those which are set forth in
Section 83-9-5, are printed, at the insurer's option, either with
the benefit provision to which they apply, or under an appropriate
caption such as "Exceptions," or "Exceptions and Reductions,
provided that if an exception or reduction specifically applies
only to a particular benefit of the policy, a statement of such
exception or reduction shall be included with the benefit
provision to which it applies; and

(f) Each such form, including riders and endorsements,
shall be identified by a form number in the lower left-hand corner
of the first page thereof; and

(g) It contains no provision purporting to make any
portion of the charter, rules, constitution or bylaws of the
insurer a part of the policy unless such portion is set forth in
full in the policy, except in the case of the incorporation of, or
reference to, a statement of rates or classification of risks, or
short-rate table filed with the commissioner.

(2) No individual or group policy covering health and
accident insurance (including experience-rated insurance
contracts, indemnity contracts, self-insured plans and self-funded
plans), or any group combinations of these coverages, shall be
issued by any commercial insurer doing business in this state
which, by the terms of such policy, limits or excludes payment
because the individual or group insured is eligible for or is
being provided medical assistance under the Mississippi Medicaid
Law. Any such policy provision in violation of this section shall
be invalid.
(3) No individual or group policy covering health and accident insurance, including experience-rated insurance contracts, indemnity contracts, self-insured plans and self-funded plans, or any group combinations of these coverages, shall be issued by any commercial insurer doing business in this state which, by the terms of such policy, limits or restricts the insured's ability to assign the insured's benefits under the policy to a licensed health care provider that provides health care services to the insured. Any such policy provision in violation of this section shall be invalid.

(4) If any policy is issued by an insurer domiciled in this state for delivery to a person residing in another state, and if the official having responsibility for the administration of the insurance laws of such other state shall have advised the commissioner that any such policy is not subject to approval or disapproval by such official, the commissioner may, by ruling, require that such policy meet the standards set forth in subsection (1) of this section and in Section 83-9-5.

(5) The commissioner shall collect and pay into the Special Fund in the State Treasury designated as the "Insurance Department Fund" the following fees for services provided under this section:

<table>
<thead>
<tr>
<th>FORM</th>
<th>FEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each individual policy contract, including revisions</td>
<td>$15.00</td>
</tr>
<tr>
<td>Each group master policy or contract including revisions</td>
<td>15.00</td>
</tr>
<tr>
<td>Each rider, endorsement or amendment, etc.</td>
<td>10.00</td>
</tr>
<tr>
<td>Each insurance application where written application is required and is to be made a part of the policy or contract</td>
<td>10.00</td>
</tr>
<tr>
<td>Each questionnaire</td>
<td>7.00</td>
</tr>
<tr>
<td>Charge for resubmission where payment is not included with original submission</td>
<td>5.00</td>
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Additional charge for tentative approval same as above.

SECTION 2. Section 83-9-5, Mississippi Code of 1972, is amended as follows:

83-9-5. (1) Required provisions. Except as provided in subsection (3) of this section, each such policy delivered or issued for delivery to any person in this state shall contain the provisions specified in this subsection in the words in which the same appear in this section. However, the insurer may, at its option, substitute for one or more of such provisions, corresponding provisions of different wording approved by the commissioner which are in each instance not less favorable in any respect to the insured or the beneficiary. Such provisions shall be preceded individually by the caption appearing in this subsection or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the commissioner may approve.

(a) A provision as follows:

Entire contract; changes: This policy, including the endorsements and the attached papers, if any, constitutes the entire contract of insurance. No change in this policy shall be valid until approved by an executive officer of the insurer and unless such approval be endorsed hereon or attached hereto. No agent has authority to change this policy or to waive any of its provisions.

(b) A provision as follows:

Time limit on certain defenses:

1. After two (2) years from the date of issue of this policy, no misstatements, except fraudulent misstatements, made by the applicant in the application for such policy shall be used to void the policy or to deny a claim for loss incurred or disability (as defined in the policy) commencing after the expiration of such two-year period.
(The foregoing policy provision shall not be so construed as to effect any legal requirement for avoidance of a policy or denial of a claim during such initial two-year period, nor to limit the application of subparagraphs (2)(a) and (2)(b) of this section in the event of misstatement with respect to age or occupation.)

(A policy which the insured has the right to continue in force subject to its terms by the timely payment of premium (1) until at least age fifty (50) or, (2) in the case of a policy issued after age forty-four (44), for at least five (5) years from its date of issue, may contain in lieu of the foregoing the following provision (from which the clause in parentheses may be omitted at the insurer's option) under the caption "INCONTESTABLE":

After this policy has been in force for a period of two (2) years during the lifetime of the insured (excluding any period during which the insured is disabled), it shall become incontestable as to the statements in the application.)

2. No claim for loss incurred or disability (as defined in the policy) commencing after two (2) years from the date of issue of this policy shall be reduced or denied on the ground that a disease or physical condition not excluded from coverage by name or specific description effective on the date of loss had existed prior to the effective date of coverage of this policy.

(c) A provision as follows:

Grace period: A grace period of seven (7) days for weekly premium policies, ten (10) days for monthly premium policies and thirty-one (31) days for all other policies will be granted for the payment of each premium falling due after the first premium, during which grace period the policy shall continue in force.

(A policy which contains a cancellation provision may add, at the end of the above provision, "subject to the right of the
insurer to cancel in accordance with the cancellation provision hereof."

A policy in which the insurer reserves the right to refuse any renewal shall have, at the beginning of the above provision, "unless not less than five (5) days prior to the premium due date the insurer has delivered to the insured or has mailed to his last address as shown by the records of the insurer written notice of its intention not to renew this policy beyond the period for which the premium has been accepted."

(d) A provision as follows:

Reinstatement: If any renewal premium be not paid within the time granted the insured for payment, a subsequent acceptance of premium by the insurer or by any agent duly authorized by the insurer to accept such premium, without requiring in connection therewith an application for reinstatement, shall reinstate the policy. However, if the insurer or such agent requires an application for reinstatement and issues a conditional receipt for the premium tendered, the policy will be reinstated upon approval of such application by the insurer or, lacking such approval, upon the forty-fifth day following the date of such conditional receipt unless the insurer has previously notified the insured in writing of its disapproval of such application. The reinstated policy shall cover only loss resulting from such accidental injury as may be sustained after the date of reinstatement and loss due to such sickness as may begin more than ten (10) days after such date. In all other respects the insured and insurer shall have the same rights thereunder as they had under the policy immediately before the due date of the defaulted premium, subject to any provisions endorsed hereon or attached hereto in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than sixty (60) days prior to the date of reinstatement. (The last sentence
of the above provision may be omitted from any policy which the
insured has the right to continue in force subject to its terms by
the timely payment of premiums (1) until at least age fifty (50)
or, (2) in the case of a policy issued after age forty-four (44),
for at least five (5) years from its date of issue.)

(e) A provision as follows:

Notice of claim: Written notice of claim must be given to
the insurer within thirty (30) days after the occurrence or
commencement of any loss covered by the policy, or as soon
thereafter as is reasonably possible. Notice given by or on
behalf of the insured or the beneficiary to the insurer at
__________, (insert the location of such office as the insurer may
designate for the purpose) or to any authorized agent of the
insurer, with information sufficient to identify the insured,
shall be deemed notice to the insurer.

(In a policy providing a loss-of-time benefit which may be
payable for at least two (2) years, an insurer may, at its option,
insert the following between the first and second sentences of the
above provision: "Subject to the qualifications set forth below,
if the insured suffers loss of time on account of disability for
which indemnity may be payable for at least two (2) years, he
shall, at least once in every six (6) months after having given
notice of claim, give to the insurer notice of continuance of said
disability, except in the event of legal incapacity. The period
of six (6) months following any filing of proof by the insured or
any payment by the insurer on account of such claim or any denial
of liability in whole or in part by the insurer shall be excluded
in applying this provision. Delay in the giving of such notice
shall not impair the insured's right to any indemnity which would
otherwise have accrued during the period of six (6) months
preceding the date on which such notice is actually given.")

(f) A provision as follows:

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Claim forms: The insurer, upon receipt of a notice of claim, will furnish to the claimant such forms as are usually furnished by it for filing proofs of loss. If such forms are not furnished within fifteen (15) days after the giving of such notice, the claimant shall be deemed to have complied with the requirements of this policy as to proof of loss upon submitting, within the time fixed in the policy for filing proofs of loss, written proof covering the occurrence, the character and the extent of the loss for which claim is made.

(g) A provision as follows:

Proofs of loss: Written proof of loss must be furnished to the insurer at its said office, in case of claim for loss for which this policy provides any periodic payment contingent upon continuing loss, within ninety (90) days after the termination of the period for which the insurer is liable, and in case of claim for any other loss, within ninety (90) days after the date of such loss. Failure to furnish such proof within the time required shall not invalidate or reduce any claim if it was not reasonably possible to give proof within such time, provided such proof is furnished as soon as reasonably possible and in no event, except in the absence of legal capacity, later than one (1) year from the time proof is otherwise required.

(h) A provision as follows:

Time of payment of claims:

1. All benefits payable under this policy for any loss, other than loss for which this policy provides any periodic payment, will be paid within forty-five (45) days after receipt of due written proof of such loss. Benefits due under the policies and claims are overdue if not paid within forty-five (45) days after the insurer receives proof of loss, necessary medical information and other information essential for the insurer to administer coordination of benefits and subrogation provisions. If such information is not supplied as to the entire claim, the
amount supported by reasonable proof is overdue if not paid within forty-five (45) days after such proof is received by the insurer. Any part or all of the remainder of the claim that is later supported by such proof is overdue if not paid within forty-five (45) days after such proof is received by the insurer. To calculate the extent to which any benefits are overdue, payment shall be treated as made on the date a draft or other valid instrument was placed in the United States mail to the last known address of the claimant or beneficiary in a properly addressed, postpaid envelope, or, if not so posted, on the date of delivery.

2. Subject to due written proof of loss, all accrued benefits for loss for which this policy provides periodic payment will be paid (insert period for payment which must not be less frequently than monthly) and any balance remaining unpaid upon the termination of liability will be paid within forty-five (45) days after receipt of due written proof.

3. If the claim is not denied for valid and proper reasons by the end of such period of forty-five (45) days, the insurer must pay the insured interest on accrued benefits at the rate of one and one-half percent (1-1/2%) per month on the amount of such claim until it is finally settled or adjudicated.

4. In the event the insurer fails to pay benefits when due, the person entitled to such benefits may bring action to recover such benefits, any interest which may accrue as provided in subsection (1)(h) of this section and any other damages as may be allowable by law.

(i) A provision as follows:

Payment of claims: Indemnity for loss of life will be payable in accordance with the beneficiary designation and the provisions respecting such payment which may be prescribed herein and effective at the time of payment. If no such designation or provision is then effective, such indemnity shall be payable to the estate of the insured. Any other accrued indemnities unpaid...
at the insured's death may, at the option of the insurer, be paid
either to such beneficiary or to such estate. All other
indemnities will be payable to the insured. When payments of
benefits are made to an insured directly for medical care or
services rendered by a health care provider, the health care
provider shall be notified of such payment. The notification
requirement shall not apply to a fixed-indemnity policy, a limited
benefit health insurance policy, medical payment coverage or
personal injury protection coverage in a motor vehicle policy,
coverage issued as a supplement to liability insurance or workers'
compensation. If the insured provides the insurer with written
direction that all or a portion of any indemnities or benefits
provided by this policy shall be paid to a licensed health care
provider rendering hospital, nursing, medical or surgical
services, then the insurer shall pay directly the licensed health
care provider rendering such services.

(The following provisions, or either of them, may be included
with the foregoing provision at the option of the insurer: "If
any indemnity of this policy shall be payable to the estate of the
insured, or to an insured or beneficiary who is a minor or
otherwise not competent to give a valid release, the insurer may
pay such indemnity, up to an amount not exceeding $__________,
(insert an amount which must not exceed One Thousand Dollars
($1,000.00)) to any relative by blood or connection by marriage of
the insured or beneficiary who is deemed by the insurer to be
equitably entitled thereto. Any payment made by the insurer in
good faith pursuant to this provision shall fully discharge the
insurer to the extent of such payment.

"Subject to any written direction of the insured in the
application or otherwise, all or a portion of any indemnities
provided by this policy on account of hospital, nursing, medical
or surgical services may, at the insurer's option and unless the
insured requests otherwise in writing not later than the time of
filing proofs of such loss, be paid directly to the hospital or
person rendering such services; but it is not required that the
service be rendered by a particular hospital or person.

(j) A provision as follows:

Physical examinations: The insurer at his own expense shall
have the right and opportunity to examine the person of the
insured when and as often as it may reasonably require during the
pendency of a claim hereunder.

(k) A provision as follows:

Legal actions: No action at law or in equity shall be
brought to recover on this policy prior to the expiration of sixty
(60) days after written proof of loss has been furnished in
accordance with the requirements of this policy. No such action
shall be brought after the expiration of three (3) years after the
time written proof of loss is required to be furnished.

(l) A provision as follows:

Change of beneficiary: Unless the insured makes an
irrevocable designation of beneficiary, the right to change the
beneficiary is reserved to the insured, and the consent of the
beneficiary or beneficiaries shall not be requisite to surrender
or assignment of this policy, or to any change of beneficiary or
beneficiaries, or to any other changes in this policy.

(The first clause of this provision, relating to the
irrevocable designation of beneficiary, may be omitted at the
insurer's option.)

(2) Other provisions. Except as provided in subsection (3)
of this section, no such policy delivered or issued for delivery
to any person in this state shall contain provisions respecting
the matters set forth below unless such provisions are in the
words in which the same appear in this section. However, the
insurer may, at its option, use in lieu of any such provision a
corresponding provision of different wording approved by the
commissioner which is not less favorable in any respect to the
insured or the beneficiary. Any such provision contained in the policy shall be preceded individually by the appropriate caption appearing in this subsection or, at the option of the insurer, by such appropriate individual or group captions or subcaptions as the commissioner may approve.

(a) A provision as follows:

Change of occupation: If the insured be injured or contract sickness after having changed his occupation to one classified by the insurer as more hazardous than that stated in this policy or while doing for compensation anything pertaining to an occupation so classified, the insurer will pay only such portion of the indemnities provided in this policy as the premium paid would have purchased at the rates and within the limits fixed by the insurer for such more hazardous occupation. If the insured changes his occupation to one classified by the insurer as less hazardous than that stated in this policy, the insurer, upon receipt of proof of such change of occupation, will reduce the premium rate accordingly, and will return the excess pro rata unearned premium from the date of change of occupation or from the policy anniversary date immediately preceding receipt of such proof, whichever is the most recent. In applying this provision, the classification of occupational risk and the premium rates shall be such as have been last filed by the insurer prior to the occurrence of the loss for which the insurer is liable, or prior to date of proof of change in occupation, with the state official having supervision of insurance in the state where the insured resided at the time this policy was issued; but if such filing was not required, then the classification of occupational risk and the premium rates shall be those last made effective by the insurer in such state prior to the occurrence of the loss or prior to the date of proof of change in occupation.

(b) A provision as follows:
Misstatement of age: If the age of the insured has been misstated, all amounts payable under this policy shall be such as the premium paid would have purchased at the correct age.

(c) A provision as follows:

Relation of earnings to issuance: If the total monthly amount of loss of time benefits promised for the same loss under all valid loss of time coverage upon the insured, whether payable on a weekly or monthly basis, shall exceed the monthly earnings of the insured at the time disability commenced or his average monthly earnings for the period of two (2) years immediately preceding a disability for which claim is made, whichever is the greater, the insurer will be liable only for such proportionate amount of such benefits under this policy as the amount of such monthly earnings or such average monthly earnings of the insured bears to the total amount of monthly benefits for the same loss under all such coverage upon the insured at the time such disability commences and for the return of such part of the premiums paid during such two (2) years as shall exceed the pro rata amount of the premiums for the benefits actually paid hereunder; but this shall not operate to reduce the total monthly amount of benefits payable under all such coverage upon the insured below the sum of Two Hundred Dollars ($200.00) or the sum of the monthly benefits specified in such coverages, whichever is the lesser, nor shall it operate to reduce benefits other than those payable for loss of time.

(The foregoing policy provision may be inserted only in a policy which the insured has the right to continue in force subject to its terms by the timely payment of premiums (1) until at least age fifty (50) or, (2) in the case of a policy issued after age forty-four (44), for at least five (5) years from its date of issue. The insurer may, at its option, include in this provision a definition of "valid loss of time coverage," approved as to form by the commissioner, which definition shall be limited
in subject matter to coverage provided by governmental agencies or
by organizations subject to regulations by insurance law or by
insurance authorities of this or any other state of the United
States or any province of Canada, or to any other coverage the
inclusion of which may be approved by the commissioner, or any
combination of such coverages. In the absence of such definition,
such term shall not include any coverage provided for such insured
pursuant to any compulsory benefit statute (including any
workmen's compensation or employer's liability statute), or
benefits provided by union welfare plans or by employer or
employee benefit organizations.)

(d) A provision as follows:

Unpaid premium: Upon the payment of a claim under this
policy, any premium then due and unpaid or covered by any note or
written order may be deducted therefrom.

(e) A provision as follows:

Cancellation: The insurer may cancel this policy at any time
by written notice delivered to the insured, or mailed to his last
address as shown by the records of the insurer, stating when, not
less than five (5) days thereafter, such cancellation shall be
effective; and after the policy has been continued beyond its
original term, the insured may cancel this policy at any time by
written notice delivered or mailed to the insurer, effective upon
receipt or on such later date as may be specified in such notice.
In the event of cancellation, the insurer will return promptly the
unearned portion of any premium paid. If the insured cancels, the
earned premium shall be computed by the use of the short-rate
table last filed with the state official having supervision of
insurance in the state where the insured resided when the policy
was issued. If the insurer cancels, the earned premium shall be
computed pro rata. Cancellation shall be without prejudice to any
claim originating prior to the effective date of cancellation.

(f) A provision as follows:
Conformity with state statutes: Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the insured resides on such date is hereby amended to conform to the minimum requirements of such statutes.

(g) A provision as follows:

Illegal occupation: The insurer shall not be liable for any loss to which a contributing cause was the insured's commission of or attempt to commit a felony or to which a contributing cause was the insured's being engaged in an illegal occupation.

(h) A provision as follows:

Intoxicants and narcotics: The insurer shall not be liable for any loss sustained or contracted in consequence of the insured's being intoxicated or under the influence of any narcotic unless administered on the advice of a physician.

(3) Inapplicable or inconsistent provisions. If any provision of this section is in whole or in part inapplicable to or inconsistent with the coverage provided by a particular form of policy, the insurer, with the approval of the commissioner, shall omit from such policy any inapplicable provision or part of a provision, and shall modify any inconsistent provision or part of the provision in such manner as to make the provision as contained in the policy consistent with the coverage provided by the policy.

(4) Order of certain policy provisions. The provisions which are the subject of subsections (1) and (2) of this section, or any corresponding provisions which are used in lieu thereof in accordance with such subsections, shall be printed in the consecutive order of the provisions in such subsections or, at the option of the insurer, any such provision may appear as a unit in any part of the policy, with other provisions to which it may be logically related, provided the resulting policy shall not be in whole or in part unintelligible, uncertain, ambiguous, abstruse or likely to mislead a person to whom the policy is offered, delivered or issued.
(5) Third-party ownership. The word "insured," as used in Sections 83-9-1 through 83-9-21, Mississippi Code of 1972, shall not be construed as preventing a person other than the insured with a proper insurable interest from making application for and owning a policy covering the insured, or from being entitled under such a policy to any indemnities, benefits and rights provided therein.

(6) Requirements of other jurisdictions.

(a) Any policy of a foreign or alien insurer, when delivered or issued for delivery to any person in this state, may contain any provision which is not less favorable to the insured or the beneficiary than the provisions of Sections 83-9-1 through 83-9-21, Mississippi Code of 1972, and which is prescribed or required by the law of the state under which the insurer is organized.

(b) Any policy of a domestic insurer may, when issued for delivery in any other state or country, contain any provision permitted or required by the laws of such other state or country.

(7) Filing procedure. The commissioner may make such reasonable rules and regulations concerning the procedure for the filing or submission of policies subject to the cited sections as are necessary, proper or advisable to the administration of said sections. This provision shall not abridge any other authority granted the commissioner by law.

SECTION 3. This act shall take effect and be in force from and after July 1, 2002.