

By: Representative Weathersby

To: Insurance

HOUSE BILL NO. 690

1 AN ACT TO AMEND SECTION 83-13-13, MISSISSIPPI CODE OF 1972,
2 TO PROVIDE THAT THE INSURER SHALL PAY FIRE LOSS INSURANCE CLAIMS
3 WITHIN A CERTAIN PERIOD OF TIME IF THE CLAIM IS A CLEAN CLAIM; TO
4 DEFINE "CLEAN CLAIM"; TO PROVIDE PENALTIES IF CLEAN CLAIMS ARE NOT
5 PAID ON A TIMELY BASIS; AND FOR RELATED PURPOSES.

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

7 **SECTION 1.** Section 83-13-13, Mississippi Code of 1972, is
8 amended as follows:

9 83-13-13. In case of destruction or damage of property by
10 fire where the same is insured against fire, it shall be the duty
11 of the insurance company or companies liable for such loss, within
12 fifteen (15) days after receiving notice thereof, to furnish to
13 the insured proper blanks upon which to make the required proof of
14 such loss, with full directions as to what proof is required to
15 secure the payment of the policy. If the insurance company fails
16 to comply with this section within fifteen (15) days after the
17 giving of such notice, the failure of the insured to make proper
18 proof of loss prior to the suit shall be no defense to a suit upon
19 the policy, and in all cases the insured shall have a reasonable
20 time in which to make such proof after the blanks and directions
21 are received.

22 All benefits payable under the policy for any loss, other
23 than loss for which the policy provides any periodic payment,
24 shall be paid within sixty (60) days after receipt of due written
25 proof of such loss in the form of a clean claim. Benefits due
26 under the policies and claims are overdue if not paid within sixty
27 (60) days after the insurer receives a clean claim. A "clean
28 claim" means a claim received by an insurer for adjudication and

29 which requires no further information, adjustment or alteration
30 in order to be processed and paid by the insurer. A claim is
31 clean if it has no defect or impropriety, including any lack of
32 substantiating documentation, or particular circumstance requiring
33 special treatment that prevents timely payment from being made on
34 the claim under this provision. A clean claim includes
35 resubmitted claims with previously identified deficiencies
36 corrected.

37 A clean claim does not include any of the following:

38 (a) A duplicate claim, which means an original claim
39 and its duplicate when the duplicate is filed within thirty (30)
40 days of the original claim;

41 (b) Claims which are submitted fraudulently or that are
42 based upon material misrepresentations.

43 Not later than sixty (60) days after the date the insurer
44 actually receives a claim, the insurer shall pay the appropriate
45 benefit in full, or any portion of the claim that is clean, and
46 notify the insured of the reasons why the claim or portion thereof
47 is not clean and will not be paid and what substantiating
48 documentation and information is required to adjudicate the claim
49 as clean. Any claim or portion thereof resubmitted with the
50 supporting documentation and information requested by the insurer
51 shall be paid within twenty (20) days after receipt.

52 For purposes of this provision, the term "pay" means that the
53 insurer shall either send cash or a cash equivalent by United
54 States mail, or send cash or a cash equivalent by other means such
55 as electronic transfer, in full satisfaction of the appropriate
56 benefit due the insured. To calculate the extent to which any
57 benefits are overdue, payment shall be treated as made on the date
58 a draft or other valid instrument was placed in the United States
59 mail to the last known address of the insured in a properly
60 addressed, postpaid envelope, or, if not so posted, or not sent by

61 United States mail, on the date of delivery of payment to the
62 provider or insured.

63 Subject to due written proof of loss, all accrued benefits
64 for loss for which the policy provides periodic payment shall be
65 paid for a period of time which must not be less frequently than
66 monthly.

67 If the claim is not denied for valid and proper reasons by
68 the end of the applicable time period prescribed in this
69 provision, the insurer must pay the insured interest on accrued
70 benefits at the rate of one and one-half percent (1-1/2%) per
71 month accruing from the day after payment was due on the amount of
72 the benefits that remain unpaid until the claim is finally settled
73 or adjudicated. Whenever interest due pursuant to this provision
74 is less than One Dollar (\$1.00), such amount shall be credited to
75 the account of the person or entity to whom such amount is owed.

76 If the insurer fails to pay benefits when due, the person
77 entitled to such benefits may bring action to recover such
78 benefits, any interest which may accrue as provided in this
79 section and any other damages as may be allowable by law.

80 No action at law or in equity shall be brought to recover on
81 this policy before the expiration of sixty (60) days after written
82 proof of loss has been furnished in accordance with the
83 requirements of this section. No such action shall be brought
84 after the expiration of three (3) years after the time written
85 proof of loss is required to be furnished.

86 **SECTION 2.** This act shall take effect and be in force from
87 and after July 1, 2004.