

By: Representative Holland

To: Insurance

## HOUSE BILL NO. 1280

1 AN ACT TO PROVIDE THAT INSURANCE COMPANIES MUST PAY ON A  
2 TIMELY BASIS THE BENEFITS PROVIDED UNDER THE TERMS OF AUTOMOBILE,  
3 HOMEOWNERS, AND FLOOD, HURRICANE OR WINDSTORM INSURANCE POLICIES,  
4 OR IN THE ALTERNATIVE, PAY INTEREST ON CLAIMS NOT PAID ON A TIMELY  
5 BASIS; TO PROVIDE FOR THE CALCULATION OF INTEREST ON CLAIMS THAT  
6 ARE NOT PAID ON A TIMELY BASIS; AND FOR RELATED PURPOSES.

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

8 **SECTION 1.** (1) An insurer must pay on a timely basis to its  
9 insured, an individual or entity directly entitled to benefits  
10 under its insured's contract of insurance, or a third party tort  
11 claimant, the benefits provided under the terms of its automobile,  
12 homeowners, and any type of flood, hurricane or windstorm  
13 insurance policies.

14 (2) If benefits are not paid on a timely basis and there is  
15 later an award against the insurer by a court of law, the benefits  
16 paid to the insured, an individual or entity directly entitled to  
17 benefits under its insured's contract of insurance, or third party  
18 tort claimant, shall bear simple interest that shall begin to  
19 accrue thirty (30) days from the date the initial insurance claim  
20 was filed at the rate of twelve percent (12%) per annum. The  
21 interest shall be paid in addition to and at the time of payment  
22 of loss. If the loss exceeds the limits of insurance coverage  
23 available, interest shall be payable based upon the limits of the  
24 insurance coverage rather than the amount of the loss. If payment  
25 is offered by the insurer but is rejected by the claimant, and the  
26 claimant does not subsequently recover an amount in excess of the  
27 amount offered, interest is not due. Interest paid pursuant to  
28 this section shall not act to preclude an award against the

29 insurer for any punitive damages, court costs, attorney fees, or  
30 any other general and special damages elsewhere allowed by law.

31 (3) For the purposes of this section:

32 (a) "Insurer" means any domestic or foreign insurance  
33 corporation or association engaged in the business of insurance or  
34 suretyship which has qualified to transact surety or casualty  
35 business in this state.

36 (b) "Timely basis" means payment of a claim within  
37 ninety (90) days after the insurer receives actual notice of a  
38 claim from the insured, individual or entity directly entitled to  
39 benefits under its insured's contract of insurance, or third party  
40 tort claimant.

41 **SECTION 2.** This act shall take effect and be in force from  
42 and after July 1, 2007.