

REPORT OF CONFERENCE COMMITTEE

MR. SPEAKER AND MADAM PRESIDENT:

We, the undersigned conferees, have had under consideration the amendments to the following entitled BILL:

H. B. No. 683: Health insurance policies; require provisions for the prompt payment of clean claims.

We, therefore, respectfully submit the following report and recommendation:

1. That the Senate recede from its Amendment No. 1.
2. That the House and Senate adopt the following amendment:

Amend by striking all after the enacting clause and inserting in lieu thereof the following:

9 **SECTION 1.** Section 83-9-5, Mississippi Code of 1972, is
10 amended as follows:
11 83-9-5. (1) **Required provisions.** Except as provided in
12 subsection (3) of this section, each such policy delivered or
13 issued for delivery to any person in this state shall contain the
14 provisions specified in this subsection in the words in which the
15 same appear in this section. However, the insurer may, at its
16 option, substitute for one or more of such provisions,
17 corresponding provisions of different wording approved by the
18 commissioner which are in each instance not less favorable in any
19 respect to the insured or the beneficiary. Such provisions shall
20 be preceded individually by the caption appearing in this
21 subsection or, at the option of the insurer, by such appropriate
22 individual or group captions or subcaptions as the commissioner
23 may approve.

24 As used in this section, the term "insurer" means a health
25 maintenance organization, an insurance company or any other entity
26 responsible for the payment of benefits under a policy or contract
27 of accident and sickness insurance; however, the term "insurer"
28 shall not mean a liquidator, rehabilitator, conservator or
29 receiver or third party administrator of any health maintenance
30 organization, insurance company or other entity responsible for

31 the payment of benefits which is in liquidation, rehabilitation or
32 conservation proceedings, nor shall it mean any responsible
33 guaranty association. Further, no cause of action shall accrue
34 against a liquidator, rehabilitator, conservator or receiver or
35 third-party administrator of any health maintenance organization,
36 insurance company or other entity responsible for the payment of
37 benefits which is in liquidation, rehabilitation or conservation
38 proceedings or any responsible guaranty association under
39 subsection (1)(h)3 of this section or any policy provision in
40 accordance therewith.

41 (a) A provision as follows:

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

49 (b) A provision as follows:

50 Time limit on certain defenses:

51 1. After two (2) years from the date of issue of
52 this policy, no misstatements, except fraudulent misstatements,
53 made by the applicant in the application for such policy shall be
54 used to void the policy or to deny a claim for loss incurred or
55 disability (as defined in the policy) commencing after the
56 expiration of such two-year period.

57 (The foregoing policy provision shall not be so construed as
58 to effect any legal requirement for avoidance of a policy or
59 denial of a claim during such initial two-year period, nor to
60 limit the application of subparagraphs (2)(a) and (2)(b) of this
61 section in the event of misstatement with respect to age or
62 occupation.)

63 (A policy which the insured has the right to continue in
64 force subject to its terms by the timely payment of premium (1)
65 until at least age fifty (50) or, (2) in the case of a policy
66 issued after age forty-four (44), for at least five (5) years from

67 its date of issue, may contain in lieu of the foregoing the
68 following provision (from which the clause in parentheses may be
69 omitted at the insurer's option) under the caption

70 "INCONTESTABLE":

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

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

82 (c) A provision as follows:

83 Grace period:

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

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

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

100 (d) A provision as follows:

101 Reinstatement:

102 If any renewal premium be not paid within the time granted

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

130 (e) A provision as follows:

131 Notice of claim:

132 Written notice of claim must be given to the insurer within
133 thirty (30) days after the occurrence or commencement of any loss
134 covered by the policy, or as soon thereafter as is reasonably
135 possible. Notice given by or on behalf of the insured or the
136 beneficiary to the insurer at _____ (insert the
137 location of such office as the insurer may designate for the
138 purpose), or to any authorized agent of the insurer, with

139 information sufficient to identify the insured, shall be deemed
140 notice to the insurer.

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

157 (f) A provision as follows:

158 Claim forms:

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

168 (g) A provision as follows:

169 Proofs of loss:

170 Written proof of loss must be furnished to the insurer at its
171 said office, in case of claim for loss for which this policy
172 provides any periodic payment contingent upon continuing loss,
173 within ninety (90) days after the termination of the period for
174 which the insurer is liable, and in case of claim for any other

175 loss, within ninety (90) days after the date of such loss.
176 Failure to furnish such proof within the time required shall not
177 invalidate or reduce any claim if it was not reasonably possible
178 to give proof within such time, provided such proof is furnished
179 as soon as reasonably possible and in no event, except in the
180 absence of legal capacity, later than one (1) year from the time
181 proof is otherwise required.

182 (h) A provision as follows:

183 Time of payment of claims:

184 1. All benefits payable under this policy for any
185 loss, other than loss for which this policy provides any periodic
186 payment, will be paid within twenty-five (25) days after receipt
187 of due written proof of such loss in the form of a clean claim
188 where claims are submitted electronically, and will be paid within
189 thirty-five (35) days after receipt of due written proof of such
190 loss in the form of clean claim where claims are submitted in
191 paper format. Benefits due under the policies and claims are
192 overdue if not paid within twenty-five (25) days or thirty-five
193 (35) days, whichever is applicable, after the insurer receives a
194 clean claim containing necessary medical information and other
195 information essential for the insurer to administer preexisting
196 condition, coordination of benefits and subrogation provisions. A
197 "clean claim" means a claim received by an insurer for
198 adjudication and which requires no further information, adjustment
199 or alteration by the provider of the services or the insured in
200 order to be processed and paid by the insurer. A claim is clean
201 if it has no defect or impropriety, including any lack of
202 substantiating documentation, or particular circumstance requiring
203 special treatment that prevents timely payment from being made on
204 the claim under this provision. A clean claim includes
205 resubmitted claims with previously identified deficiencies
206 corrected.

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

208 a. A duplicate claim, which means an original
209 claim and its duplicate when the duplicate is filed within thirty
210 (30) days of the original claim;

211 b. Claims which are submitted fraudulently or
212 that are based upon material misrepresentations;

213 c. Claims that require information essential
214 for the insurer to administer preexisting condition, coordination
215 of benefits or subrogation provisions; or

216 d. Claims submitted by a provider more than
217 thirty (30) days after the date of service; if the provider does
218 not submit the claim on behalf of the insured, then a claim is not
219 clean when submitted more than thirty (30) days after the date of
220 billing by the provider to the insured.

221 Not later than twenty-five (25) days after the date the
222 insurer actually receives an electronic claim, the insurer shall
223 pay the appropriate benefit in full, or any portion of the claim
224 that is clean, and notify the provider (where the claim is owed to
225 the provider) or the insured (where the claim is owed to the
226 insured) of the reasons why the claim or portion thereof is not
227 clean and will not be paid and what substantiating documentation
228 and information is required to adjudicate the claim as clean. Not
229 later than thirty-five (35) days after the date the insurer
230 actually receives a paper claim, the insurer shall pay the
231 appropriate benefit in full, or any portion of the claim that is
232 clean, and notify the provider (where the claim is owed to the
233 provider) or the insured (where the claim is owed to the insured)
234 of the reasons why the claim or portion thereof is not clean and
235 will not be paid and what substantiating documentation and
236 information is required to adjudicate the claim as clean. Any
237 claim or portion thereof resubmitted with the supporting
238 documentation and information requested by the insurer shall be
239 paid within twenty (20) days after receipt.

240 For purposes of this provision, the term "pay" means that the
241 insurer shall either send cash or a cash equivalent by United
242 States mail, or send cash or a cash equivalent by other means such
243 as electronic transfer, in full satisfaction of the appropriate
244 benefit due the provider (where the claim is owed to the provider)
245 or the insured (where the claim is owed to the insured). To
246 calculate the extent to which any benefits are overdue, payment

247 shall be treated as made on the date a draft or other valid
248 instrument was placed in the United States mail to the last known
249 address of the provider (where the claim is owed to the provider)
250 or the insured (where the claim is owed to the insured) in a
251 properly addressed, postpaid envelope, or, if not so posted, or
252 not sent by United States mail, on the date of delivery of payment
253 to the provider or insured.

254 2. Subject to due written proof of loss, all
255 accrued benefits for loss for which this policy provides periodic
256 payment will be paid _____ (insert period for payment
257 which must not be less frequently than monthly), and any balance
258 remaining unpaid upon the termination of liability will be paid
259 within thirty (30) days after receipt of due written proof.

260 3. If the claim is not denied for valid and proper
261 reasons by the end of the applicable time period prescribed in
262 this provision, the insurer must pay the provider (where the claim
263 is owed to the provider) or the insured (where the claim is owed
264 to the insured) interest on accrued benefits at the rate of one
265 and one-half percent (1-1/2%) per month accruing from the day
266 after payment was due on the amount of the benefits that remain
267 unpaid until the claim is finally settled or adjudicated.
268 Whenever interest due pursuant to this provision is less than One
269 Dollar (\$1.00), such amount shall be credited to the account of
270 the person or entity to whom such amount is owed.

271 4. In the event the insurer fails to pay benefits
272 when due, the person entitled to such benefits may bring action to
273 recover such benefits, any interest which may accrue as provided
274 in subsection (1)(h)3 of this section and any other damages as may
275 be allowable by law.

276 (i) A provision as follows:

277 Payment of claims:

278 Indemnity for loss of life will be payable in accordance with
279 the beneficiary designation and the provisions respecting such
280 payment which may be prescribed herein and effective at the time
281 of payment. If no such designation or provision is then
282 effective, such indemnity shall be payable to the estate of the

283 insured. Any other accrued indemnities unpaid at the insured's
284 death may, at the option of the insurer, be paid either to such
285 beneficiary or to such estate. All other indemnities will be
286 payable to the insured. When payments of benefits are made to an
287 insured directly for medical care or services rendered by a health
288 care provider, the health care provider shall be notified of such
289 payment. The notification requirement shall not apply to a
290 fixed-indemnity policy, a limited benefit health insurance policy,
291 medical payment coverage or personal injury protection coverage in
292 a motor vehicle policy, coverage issued as a supplement to
293 liability insurance or workers' compensation.

294 (The following provisions, or either of them, may be included
295 with the foregoing provision at the option of the insurer: "If
296 any indemnity of this policy shall be payable to the estate of the
297 insured, or to an insured or beneficiary who is a minor or
298 otherwise not competent to give a valid release, the insurer may
299 pay such indemnity, up to an amount not exceeding \$ _____
300 (insert an amount which must not exceed One Thousand Dollars
301 (\$1,000.00)), to any relative by blood or connection by marriage
302 of the insured or beneficiary who is deemed by the insurer to be
303 equitably entitled thereto. Any payment made by the insurer in
304 good faith pursuant to this provision shall fully discharge the
305 insurer to the extent of such payment."

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

314 (j) A provision as follows:

315 Physical examinations:

316 The insurer at his own expense shall have the right and
317 opportunity to examine the person of the insured when and as often
318 as it may reasonably require during the pendency of a claim

319 hereunder.

320 (k) A provision as follows:

321 Legal actions:

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

328 (l) A provision as follows:

329 Change of beneficiary:

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

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

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

352 (a) A provision as follows:

353 Change of occupation:

354 If the insured be injured or contract sickness after having

355 changed his occupation to one classified by the insurer as more
356 hazardous than that stated in this policy or while doing for
357 compensation anything pertaining to an occupation so classified,
358 the insurer will pay only such portion of the indemnities provided
359 in this policy as the premium paid would have purchased at the
360 rates and within the limits fixed by the insurer for such more
361 hazardous occupation. If the insured changes his occupation to
362 one classified by the insurer as less hazardous than that stated
363 in this policy, the insurer, upon receipt of proof of such change
364 of occupation, will reduce the premium rate accordingly, and will
365 return the excess pro rata unearned premium from the date of
366 change of occupation or from the policy anniversary date
367 immediately preceding receipt of such proof, whichever is the most
368 recent. In applying this provision, the classification of
369 occupational risk and the premium rates shall be such as have been
370 last filed by the insurer prior to the occurrence of the loss for
371 which the insurer is liable, or prior to date of proof of change
372 in occupation, with the state official having supervision of
373 insurance in the state where the insured resided at the time this
374 policy was issued; but if such filing was not required, then the
375 classification of occupational risk and the premium rates shall be
376 those last made effective by the insurer in such state prior to
377 the occurrence of the loss or prior to the date of proof of change
378 in occupation.

379 (b) A provision as follows:

380 Misstatement of age:

381 If the age of the insured has been misstated, all amounts
382 payable under this policy shall be such as the premium paid would
383 have purchased at the correct age.

384 (c) A provision as follows:

385 Relation of earnings to issuance:

386 If the total monthly amount of loss of time benefits promised
387 for the same loss under all valid loss of time coverage upon the
388 insured, whether payable on a weekly or monthly basis, shall
389 exceed the monthly earnings of the insured at the time disability
390 commenced or his average monthly earnings for the period of two

391 (2) years immediately preceding a disability for which claim is
392 made, whichever is the greater, the insurer will be liable only
393 for such proportionate amount of such benefits under this policy
394 as the amount of such monthly earnings or such average monthly
395 earnings of the insured bears to the total amount of monthly
396 benefits for the same loss under all such coverage upon the
397 insured at the time such disability commences and for the return
398 of such part of the premiums paid during such two (2) years as
399 shall exceed the pro rata amount of the premiums for the benefits
400 actually paid hereunder; but this shall not operate to reduce the
401 total monthly amount of benefits payable under all such coverage
402 upon the insured below the sum of Two Hundred Dollars (\$200.00) or
403 the sum of the monthly benefits specified in such coverages,
404 whichever is the lesser, nor shall it operate to reduce benefits
405 other than those payable for loss of time.

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

425 (d) A provision as follows:

426 Unpaid premium:

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

430 (e) A provision as follows:

431 Cancellation:

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

448 (f) A provision as follows:

449 Conformity with state statutes:

450 Any provision of this policy which, on its effective date, is
451 in conflict with the statutes of the state in which the insured
452 resides on such date is hereby amended to conform to the minimum
453 requirements of such statutes.

454 (g) A provision as follows:

455 Illegal occupation:

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

460 (h) A provision as follows:

461 Intoxicants and narcotics:

462 The insurer shall not be liable for any loss sustained or

463 contracted in consequence of the insured's being intoxicated or
464 under the influence of any narcotic unless administered on the
465 advice of a physician.

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

474 (4) **Order of certain policy provisions.** The provisions
475 which are the subject of subsections (1) and (2) of this section,
476 or any corresponding provisions which are used in lieu thereof in
477 accordance with such subsections, shall be printed in the
478 consecutive order of the provisions in such subsections or, at the
479 option of the insurer, any such provision may appear as a unit in
480 any part of the policy, with other provisions to which it may be
481 logically related, provided the resulting policy shall not be in
482 whole or in part unintelligible, uncertain, ambiguous, abstruse or
483 likely to mislead a person to whom the policy is offered,
484 delivered or issued.

485 (5) **Third-party ownership.** The word "insured," as used in
486 Sections 83-9-1 through 83-9-21, Mississippi Code of 1972, shall
487 not be construed as preventing a person other than the insured
488 with a proper insurable interest from making application for and
489 owning a policy covering the insured, or from being entitled under
490 such a policy to any indemnities, benefits and rights provided
491 therein.

492 (6) **Requirements of other jurisdictions.**

493 (a) Any policy of a foreign or alien insurer, when
494 delivered or issued for delivery to any person in this state, may
495 contain any provision which is not less favorable to the insured
496 or the beneficiary than the provisions of Sections 83-9-1 through
497 83-9-21, Mississippi Code of 1972, and which is prescribed or
498 required by the law of the state under which the insurer is

499 organized.

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

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

509 (8) Administrative penalties.

510 (a) If the commissioner finds that an insurer, during
511 any calendar year, has paid at least eighty-five percent (85%),
512 but less than ninety-five percent (95%), of all clean claims
513 received from all providers during that year in accordance with
514 the provisions of subsection (1)(h) of this section, the
515 commissioner may levy an aggregate penalty in an amount not to
516 exceed Ten Thousand Dollars (\$10,000.00). If the commissioner
517 finds that an insurer, during any calendar year, has paid at least
518 fifty percent (50%), but less than eighty-five percent (85%), of
519 all clean claims received from all providers during that year in
520 accordance with the provision of subsection (1)(h) of this
521 section, the commissioner may levy an aggregate penalty in an
522 amount of not less than Ten Thousand Dollars (\$10,000.00) nor more
523 than One Hundred Thousand Dollars (\$100,000.00). If the
524 commissioner finds that an insurer, during any calendar year, has
525 paid less than fifty percent (50%) of all clean claims received
526 from all providers during that year in accordance with the
527 provisions of subsection (1)(h) of this section, the commissioner
528 may levy an aggregate penalty in an amount not less than One
529 Hundred Thousand Dollars (\$100,000.00) nor more than Two Hundred
530 Thousand Dollars (\$200,000.00). In determining the amount of any
531 fine, the commissioner shall take into account whether the failure
532 to achieve the standards in subsection (1)(h) of this section were
533 due to circumstances beyond the control of the insurer. The
534 insurer may request an administrative hearing to contest the

535 assessment of any administrative penalty imposed by the
536 commissioner pursuant to this subsection within thirty (30) days
537 after receipt of the notice of assessment.

538 (b) Examinations to determine compliance with
539 subsection (1)(h) of this section may be conducted by the
540 commissioner or any of his examiners. The commissioner may
541 contract with qualified impartial outside sources to assist in
542 examinations to determine compliance. The expenses of any such
543 examinations shall be paid by the insurer examined.

544 (c) Nothing in the provisions of subsection (1)(h) of
545 this section shall require an insurer to pay claims that are not
546 covered under the terms of a contract or policy of accident and
547 sickness insurance.

548 (d) An insurer and a provider may enter into an express
549 written agreement containing timely claim payment provisions which
550 differ from, but are at least as stringent as, the provisions set
551 forth under subsection (1)(h) of this section, and in such case,
552 the provisions of the written agreement shall govern the timely
553 payment of claims by the insurer to the provider. If the express
554 written agreement is silent as to any interest penalty where
555 claims are not paid in accordance with the agreement, the interest
556 penalty provision of subsection (1)(h)3 of this section shall
557 apply.

558 (e) The commissioner may adopt rules and regulations
559 necessary to ensure compliance with this subsection.

560 **SECTION 2.** This act shall take effect and be in force from
561 and after January 1, 2003.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO AMEND SECTION 83-9-5, MISSISSIPPI CODE OF 1972, TO
2 REQUIRE ACCIDENT AND HEALTH POLICIES TO CONTAIN CERTAIN PROVISIONS
3 ESTABLISHING PROCEDURES FOR THE PROMPT PAYMENT OF CLEAN CLAIMS; TO
4 DEFINE THE TERM "CLEAN CLAIM"; TO AUTHORIZE THE COMMISSIONER OF
5 INSURANCE TO IMPOSE ADMINISTRATIVE PENALTIES WHEN CLEAN CLAIMS ARE
6 NOT PAID IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT; AND FOR
7 RELATED PURPOSES.

CONFEREES FOR THE HOUSE

X

Mary Ann Stevens

X

Keith Montgomery

X

Walter L. Robinson, Jr.

CONFEREES FOR THE SENATE

X

Dean Kirby

X

Alan Nunnelee

X

Charlie Ross