

31A-26-301 Timely payment of claims.

- (1)
 - (a) Unless otherwise provided by law, an insurer shall timely pay every valid insurance claim made by an insured.
 - (b) By rule the commissioner may prescribe:
 - (i) the kinds of notice and proof of loss that will establish validity;
 - (ii) the manner in which an insurer may make a bona fide denial of a claim;
 - (iii) the periods of time within which payment is required to be made to be timely; and
 - (iv) the reasonable interest rates to be charged upon late claim payments.
- (2)
 - (a) Notwithstanding Subsection (1) and subject to Subsection (2)(b), the payment of a claim is not overdue during any period in which:
 - (i) the insurer is unable to pay the claim because there is no recipient legally able to give a valid release for the payment; or
 - (ii) the insurer is unable to determine who is entitled to receive the payment.
 - (b) Subsection (2)(a) applies only if the insurer:
 - (i) promptly notifies the claimant of the inability to pay the claim; and
 - (ii) offers in good faith to pay the claim promptly when the inability to pay the claim is removed.
- (3) This section applies only to a claim for first party benefits made by a person who is:
 - (a) named or defined as an insured under the terms of an insurance policy;
 - (b) described as a covered person under the terms of a policy of health care insurance as defined in Section 31A-1-301; or
 - (c) named, defined, or described:
 - (i) as:
 - (A) an insured;
 - (B) a beneficiary;
 - (C) a policyholder; or
 - (D) otherwise covered person; and
 - (ii) under the terms of:
 - (A) a life insurance policy; or
 - (B) an annuity.

Amended by Chapter 309, 2002 General Session