

**TIMELY PAYMENTS OF INSURANCE CLAIMS**

2002 GENERAL SESSION

STATE OF UTAH

**Sponsor: John L. Valentine**

**This act modifies the Insurance Code to address the scope of claims that are subject to requirements for timely payments and to make technical changes.**

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**31A-26-301**, as last amended by Chapter 121, Laws of Utah 2001

*Be it enacted by the Legislature of the state of Utah:*

Section 1. Section **31A-26-301** is amended to read:

**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 ~~in which~~

(ii) the insurer is unable to determine who is entitled to receive the payment~~[-provided that]~~.

(b) Subsection (2)(a) applies only if the insurer ~~has~~:

(i) promptly ~~notified~~ notifies the claimant of the inability to pay the claim; and ~~has offered]~~

(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 ~~[claims]~~ a claim for first party benefits made by ~~[-(a)]~~ a person who is:

(a) named or defined as an insured under the terms of an insurance policy; [or (b) a person who is]

(b) described as a covered person under the terms of a policy of health care insurance [policy] 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.