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VERMONT DEPARTMENT OF FINANCIAL REGULATION
DIVISION OF INSURANCE

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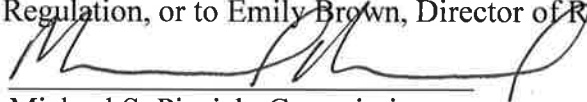
INTEREST ON INSURANCE CLAIM PAYMENTS

The purpose of this bulletin is to clarify the effect of the passage of Act 134 of the 2017-18 legislative session on 8 V.S.A. § 3665. (“Timely payment of claims; interest; damages”).

Prior to the passage of Act 134, Section 3665(d) required insurers to pay interest on non-life insurance (e.g., property and casualty) claims “beginning 30 days after a beneficiary files a properly executed proof of loss.” Subsection (d) did not specify, however, what interest rate applied to the late payment of non-life insurance claims. Act 134 clarifies that the general interest rate applicable to late-paid uncontested non-life claims is “the rate paid for proceeds left on deposit, or six percent, whichever is greater.” See 8 V.S.A. Section 3665(d)(1). All non-life insurance claims begin accruing interest 30 days after the policyholder files a properly executed proof of loss.

Act 134’s revisions to Section 3665(d) also specify that if an uncontested non-life insurance claim remains unpaid for more than 60 days after the policyholder (which shall be interpreted to mean policyholder or other claimant) files a properly executed proof of loss, interest on the claim shall accrue at the judgment rate allowed by law, i.e., 12 percent per year under current law. See 12 V.S.A. § 2903(c). Interest also accrues at the judgment rate in the event that judgment is entered against the insurer, or if a settlement agreement is executed between the insurer and the Department or the insurer and the policyholder or other claimant.

Inquiries about this bulletin should be directed to Phil Keller, Director of Insurance Regulation, or to Emily Brown, Director of Rates and Forms for Life and Health.



Michael S. Pieciak, Commissioner

11/2/18

Date

