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DEPARTMENT OF INSURANCE

December 11, 2015

## Bulletin 224

## Interest Rate for Failure to Pay a Clean Claim

This bulletin is directed to all insurers issuing accident and sickness insurance policies, as defined at [IC 27-8-5.7-1](#), all HMOs as defined at [IC 27-13-36.2-2](#), and all health care providers submitting claims to those insurers and HMOs. The purpose of this bulletin is to clarify provisions of the statutory provisions commonly referred to as the Clean Claims Laws, [IC 27-8-5.7](#) and [IC 27-13-36.2](#).

Indiana's Clean Claims Laws provide that interest shall be paid "at a rate that is the percentage rounded to the nearest whole number that equals the average investment yield on state money for the state's previous fiscal year, excluding pension fund investments, as published in the auditor of state's comprehensive annual financial report." The statute does not specify the frequency of the rate; however, the investment yield on state money referenced in the Clean Claims Laws is an annual rate. Therefore, the interest rate should be calculated as an annual rate, as well.

This year's Auditor's Comprehensive Annual Financial Report (CAFR) has not yet been published and, according to the auditor of state's website (<http://www.in.gov/auditor/2551.htm>), will not be available until January 2016. However, the auditor's website identifies the "average yield on the total investment of all funds, except for pension trust funds" for the fiscal year ending June 30, 2015, as 0.49%. Thus, the rate to be paid for calendar year 2016 is one percent (1%) per year. The Department is notifying companies that the 1% rate will take effect beginning Friday, January 1, 2016.

Insurers and HMOs should not consider the low interest rate as a license to be relaxed about prompt payment of clean claims. In accordance with [IC 27-8-5.7](#) and [IC 27-13-36.2-6](#), companies failing to promptly pay clean claims could be subject to administrative action.

Questions regarding this bulletin should be directed to Tina Korty, General Counsel, at (317) 232-0143 or [tkorty@idoi.in.gov](mailto:tkorty@idoi.in.gov).

## INDIANA DEPARTMENT OF INSURANCE

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