

Assembly Bill No. 329

CHAPTER 883

An act to add Section 11580.02 to the Insurance Code, relating to insurance.

[Approved by Governor October 9, 1999. Filed
with Secretary of State October 10, 1999.]

LEGISLATIVE COUNSEL'S DIGEST

AB 329, Scott. Insurance: compensation: fees.

Existing law imposes various requirements on liability insurers and on policies issued by liability insurers.

This bill would authorize a liability insurer to review bills submitted for the defense of its insured, but would prohibit a liability insurer from compensating a reviewer based on (1) a percentage of the amount by which a bill is reduced, (2) the number of claims or cost of services for which the reviewer has denied authorization or payment, or (3) an agreement that no compensation will be due unless one or more bills are reduced for payment.

The people of the State of California do enact as follows:

SECTION 1. Section 11580.02 is added to the Insurance Code, to read:

11580.02. A liability insurer may review bills submitted for the defense of its insured, but shall not compensate a reviewer based on any of the following:

(a) A percentage of the amount by which a bill is reduced for payment.

(b) The number of claims or the cost of services for which the reviewer has denied authorization or payment.

(c) An agreement that no compensation will be due unless one or more bills are reduced for payment.

