

August 21, 1975

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 7(1975)

(EFF. 12-4-03)

TO: ALL SELF-INSURERS AND ALL INSURERS WRITING AUTOMOBILE INSURANCE IN THIS STATE

SUBJECT: Responsibility of no-fault insurers to hospitals and physicians holding assignments pursuant to 11 NYCRR 65.6(h)

It has come to our attention that some insurers and self-insurers are violating the rights of hospitals and physicians who hold valid assignments of their patient's no-fault benefits.

You are hereby reminded that Department Regulation No. 68 specifies that a provider of hospital or medical service may receive payment directly from the auto insurer if the hospital or physician receives a valid assignment (11 NYCRR 65.6(h)).

It is this Department's view that once an insurer receives a valid assignment directing that payment under the policy be made directly to the insured's physician or hospital, the insurer should honor the assignment. The insurer is obligated to make payment to the physician or hospital and not to the insured. If the insurer ignores the assignment and instead pays the insured, such payment does not relieve the carrier of its obligation to pay the physician's or hospital's fee.

Insurers should make payments directly to the assignee and not to the attorney of record for the injured party. Any delay caused by the improper forwarding of a hospital's or physician's payment draft could subject the insurer to appropriate interest penalties pursuant to 11 NYCRR 65.6(f)(1).

A hospital or physician holding a valid assignment of the injured party's no-fault benefits is entitled to an explanation for any delay in the payment of claim, a prescribed Denial of Claim form for any element of its claim which is denied and interest and possible attorney's fees for any element of its claim which is overdue pursuant to 11 NYCRR 65.6(d).

All personnel responsible for the payment of claims should be furnished with a copy of this notice and receipt of this notice shall be acknowledged forthwith and in writing to John Reiersen, Associate Examiner, Automobile and Compensation Bureau, by a responsible officer of the insurer or self-insurer.

[SIGNATURE]

THOMAS A. HARNETT

Superintendent of Insurance