



2003 SENATE BILL 314

November 13, 2003 - Introduced by Senator DECKER, cosponsored by Representative HUBER. Referred to Committee on Agriculture, Financial Institutions and Insurance.

1 **AN ACT** *to amend* 631.83 (1) (b); and *to create* 631.83 (1) (bp) of the statutes;
2 **relating to:** limiting the amount of time for an insurer to recover an
3 overpayment of a health insurance claim.

Analysis by the Legislative Reference Bureau

Under current law, most legal actions based on insurance policies, which are contracts, must be commenced within six years after the cause of action accrues, which means, generally, after the breach of contract occurs. There are a few exceptions for actions based on specific types of insurance policies; for example, an action on a fire insurance policy must be commenced within 12 months after the inception of the loss.

This bill places a limit on the amount of time within which an insurer may commence an action for recovery of an overpayment of an insurance claim paid under a health insurance policy, without fault on the part of the insured or payee. Such an action must be commenced within one year after the overpayment was made or it is barred.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

4 **SECTION 1.** 631.83 (1) (b) of the statutes is amended to read:

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1 631.83 (1) (b) *Disability insurance.* ~~An~~ Except as provided in par. (bp), an
2 action on disability insurance coverage must be commenced within 3 years from the
3 time written proof of loss is required to be furnished.

4 **SECTION 2.** 631.83 (1) (bp) of the statutes is created to read:

5 631.83 (1) (bp) *Disability insurance claim overpayment.* An action to recover
6 an overpayment of an insurance claim under a disability insurance policy, as defined
7 in s. 632.895 (1) (a), that was paid without fault on the part of the insured or payee
8 shall be commenced within one year after the date on which the insurer made the
9 overpayment or be barred.

10 **SECTION 3. Initial applicability.**

11 (1) Except as provided in paragraph (2), this act first applies to claims made
12 under disability insurance policies on the effective date of this paragraph.

13 (2) If a disability insurance policy that is in effect on the effective date of this
14 paragraph contains a provision that is inconsistent with this act, this act first applies
15 to claims made under that policy on the day on which the policy is renewed.

16 (END)