

1 HB401  
2 165330-3  
3 By Representative Hill (M)  
4 RFD: Insurance  
5 First Read: 02-APR-15

1 ENGROSSED

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4 A BILL  
5 TO BE ENTITLED  
6 AN ACT  
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8 To amend Section 27-15-13, Code of Alabama 1975,  
9 relating to life insurance; to require an insurer of a life  
10 insurance policy to pay interest on any money due on the  
11 payment of a life insurance contract under certain conditions.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. Section 27-15-13 of the Code of Alabama  
14 1975, is amended to read as follows:

15 "§27-15-13.

16 "(a) There shall be a provision that when a life  
17 insurance policy shall become a claim by the death of the  
18 insured, settlement shall be made upon receipt of due proof of  
19 death and, at the insurer's option, surrender of the policy  
20 and proof of the interest of the claimant. If an insurer shall  
21 specify a particular period prior to the expiration of which  
22 settlement shall be made, such period shall not exceed two  
23 months from the receipt of such proofs.

24 "(b) Notwithstanding any other provision of law  
25 regarding payment of interest on contracts, if an insurer  
26 fails to pay the proceeds of or make payment under a policy  
27 pursuant to a death claim within 30 days after receipt of

1 satisfactory proof of death and of the interest of the  
2 claimant, and if the beneficiary of the policy elects to  
3 receive a lump-sum payment through a retained asset account or  
4 otherwise, the insurer shall pay interest on any money due and  
5 unpaid after the expiration of the 30-day period. The insurer  
6 shall compute the interest from the date of receipt of due  
7 proof of the death of the insured and interest of the claimant  
8 until the date of payment. The rate of interest shall be the  
9 current rate of interest on death proceeds left on deposit  
10 with the insurer.

11 "(c) Nothing in this section shall be construed to  
12 apply to annuity contracts."

13 ~~Section 2. This act shall apply only to life~~  
14 ~~insurance contracts entered into on or after October 1~~  
15 ~~following the effective date of this act.~~

16 Section 3. This act shall become effective on the  
17 first day of the third month following its passage and  
18 approval by the Governor, or its otherwise becoming law.

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House of Representatives

Read for the first time and re-  
ferred to the House of Representa-  
tives committee on Insurance ..... . . . . . 02-APR-15

Read for the second time and placed  
on the calendar 2 amendments ..... . . . . . 09-APR-15

Read for the third time and passed  
as amended..... . . . . . 26-MAY-15

Yeas 100, Nays 0, Abstains 0

Jeff Woodard  
Clerk