

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

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ENROLLED, An Act,

To amend Section 27-15-13, Code of Alabama 1975, relating to life insurance; to require an insurer of a life insurance policy to pay interest on any money due on the payment of a life insurance contract under certain conditions.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§27-15-13.

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

"(b) Notwithstanding any other provision of law regarding payment of interest on contracts, if an insurer fails to pay the proceeds of or make payment under a policy pursuant to a death claim within 30 days after receipt of satisfactory proof of death and of the interest of the claimant, and if the beneficiary of the policy elects to receive a lump-sum payment through a retained asset account or

1 otherwise, the insurer shall pay interest on any money due and
2 unpaid after the expiration of the 30-day period. The insurer
3 shall compute the interest from the date of receipt of due
4 proof of the death of the insured and interest of the claimant
5 until the date of payment. The rate of interest shall be the
6 current rate of interest on death proceeds left on deposit
7 with the insurer.

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

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

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

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 26-MAY-15, as amended.

Jeff Woodard
Clerk

Senate

04-JUN-15

Passed