

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

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8 SYNOPSIS: This bill would require an insurer of a life
9 insurance policy to pay interest on any money due
10 on the payment of a life insurance contract under
11 certain conditions.

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13 A BILL
14 TO BE ENTITLED
15 AN ACT

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17 To amend Section 27-15-13, Code of Alabama 1975,
18 relating to life insurance; to require an insurer of a life
19 insurance policy to pay interest on any money due on the
20 payment of a life insurance contract under certain conditions;
21 and to apply only to a future life insurance policy entered
22 into after the effective date of this act.

23 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

24 Section 1. Section 27-15-13 of the Code of Alabama
25 1975, is amended to read as follows:

26 "§27-15-13.

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

9 "(b) Notwithstanding any other provision of law
10 regarding payment of interest on contracts, if an insurer
11 fails to pay the proceeds of or make payment under a policy
12 pursuant to a death claim within 30 days after receipt of
13 satisfactory proof of death and of the interest of the
14 claimant, and if the beneficiary of the policy elects to
15 receive a lump-sum payment, the insurer shall pay interest on
16 any money due and unpaid after the expiration of the 30-day
17 period. The insurer shall compute the interest from the date
18 of receipt of due proof of the death of the insured and
19 interest of the claimant until the date of payment. The rate
20 of interest shall be the current rate of interest on death
21 proceeds left on deposit with the insurer.

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

24 Section 2. This act shall apply only to life
25 insurance contracts entered into on or after October 1
26 following the effective date of this act.

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