SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 1987.

Approved May 14, 1987.

CHAPTER 489

(House Bill 623)

AN ACT concerning

Life Insurance - Interest on Benefits

FOR the purpose of requiring an insurer to pay interest on the benefits of a life insurance policy under certain circumstances; providing certain exceptions; requiring that a certain minimum rate of interest be paid on the benefits; and generally relating to life insurance.

BY adding to

Article 48A - Insurance Code
Section 416A
Annotated Code of Maryland
(1986 Replacement Volume)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 48A - Insurance Code

416A.

(A) INTEREST ON BENEFITS PAYABLE UNDER ANY LIFE INSURANCE POLICY ISSUED IN THIS STATE SHALL ACCRUE AND BE PAYABLE FROM THE DATE OF THE DEATH OF THE INSURED TO THE DATE ON WHICH THE PROCEEDS OF THE POLICY ARE PAID, EXCEPT THAT:

(1) AN INSURER IS NOT REQUIRED TO PAY INTEREST ON BENEFITS IF THE PROCEEDS OF THE POLICY ARE PAID WITHIN 30 DAYS AFTER THE DATE OF DEATH OF THE INSURED; AND

(2) IF DUE PROOF OF DEATH IS SUBMITTED TO THE INSURER MORE THAN 180 DAYS FOLLOWING THE DATE OF DEATH OF THE INSURED, INTEREST SHALL ACCUMULATE AND BE PAYABLE FROM THE DATE ON WHICH DUE PROOF OF DEATH IS SUBMITTED TO THE INSURER TO THE DATE ON WHICH THE PROCEEDS OF THE POLICY ARE PAID.