

IF A RESIDENT OF THE STATE DIES INTTESTATE AND LEAVES AN ESTATE THAT CONSISTS OF ASSETS, INCLUDING LIFE INSURANCE PROCEEDS, IN A TOTAL AMOUNT NOT EXCEEDING \$1,000, AN INSURER MAY PAY THE LIFE INSURANCE PROCEEDS TO THE DECEDENT'S SURVIVING SPOUSE, CHILD, OR PARENT, WITHOUT THE GRANT OF LETTERS OF ADMINISTRATION, IF THE INDIVIDUAL TO WHOM PAYMENT IS TO BE MADE PROVIDES THE INSURER WITH:

(1) AN AFFIDAVIT THAT STATES THAT THE ENTIRE ESTATE OF THE DECEDENT, INCLUDING LIFE INSURANCE PROCEEDS, DOES NOT EXCEED \$1,000; OR

(2) A LETTER OF ADMINISTRATION AS PROVIDED BY THE SMALL ESTATE LAW, §§ 5-601 THROUGH 5-608 OF THE ESTATES AND TRUSTS ARTICLE.

(B) PAYMENT TO MINOR.

THE INSURER MAY PAY THE SHARE OF A MINOR TO AN INSTITUTION OR TO A RELATIVE OF THE MINOR, WITH CUSTODY OF THE MINOR, WITHOUT REQUIRING THE INSTITUTION OR RELATIVE TO BE APPOINTED THE LEGAL GUARDIAN OF THE MINOR.

(C) EFFECT OF PAYMENT.

PAYMENT BY AN INSURER UNDER THIS SECTION, OR UNDER A FACILITY OF PAYMENT CLAUSE IN A POLICY OF LIFE INSURANCE, DISCHARGES THE INSURER FROM ALL FURTHER LIABILITY WITH RESPECT TO THE LIFE INSURANCE PROCEEDS.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 48A, § 382.

In the introductory language of subsection (a) and in subsection (b) of this section, the former phrase "at its option" is deleted as unnecessary in light of the word "may".

In the introductory language of subsection (a) of this section, the former reference to an estate that consists of "property" is deleted as unnecessary in light of the comprehensive reference to an estate that consists of "assets".

In subsection (a)(2) of this section, the reference to a "letter of administration" is substituted for the former reference to a "certificate of administration" for clarity. See ET §§ 5-601 through 5-608 of the Code.

Defined terms: "Insurer" § 1-101

"Life insurance" § 1-101

"Policy" § 1-101

16-111. PROCEEDS EXEMPT FROM CREDITORS.

(A) IN GENERAL.

THE PROCEEDS OF A POLICY OF LIFE INSURANCE OR UNDER AN ANNUITY CONTRACT ON THE LIFE OF AN INDIVIDUAL MADE FOR THE BENEFIT OF OR ASSIGNED TO THE SPOUSE, CHILD, OR DEPENDENT RELATIVE OF THE INDIVIDUAL ARE EXEMPT FROM ALL CLAIMS OF THE CREDITORS OF THE INDIVIDUAL ARISING