

SENATE BILL REPORT

SHB 2775

AS REPORTED BY COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE,
FEBRUARY 28, 1992

Brief Description: Regulating interest paid on death benefits by insurers.

SPONSORS: House Committee on Financial Institutions & Insurance (originally sponsored by Representatives Dellwo, Broback and Paris)

HOUSE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Majority Report: Do pass.

Signed by Senators von Reichbauer, Chairman; Erwin, Vice Chairman; Moore, Pelz, Sellar, and Vognild.

Staff: Traci Anderson (786-7452)

Hearing Dates: February 21, 1992; February 28, 1992

BACKGROUND:

Life insurance companies must pay interest from the date of the policyholder's death at the rate the insurer allows for other policy proceeds left on deposit with the company or at 8 percent, whichever is greater.

SUMMARY:

Insurance code provisions governing interest payable on life insurance policy proceeds are amended. The minimum 8 percent interest rate is changed to the current market rate for 90-day treasury bills.

Appropriation: none

Revenue: none

Fiscal Note: none requested

Effective Date: July 1, 1992

TESTIMONY FOR:

This bill would provide flexibility to insurance companies in setting interest rates to be paid on death benefits.

TESTIMONY AGAINST: None

TESTIFIED: Basil Badley, American Council of Life Insurance Companies

