

SENATE BILL REPORT

SB 6403

AS OF FEBRUARY 5, 1992

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

SPONSORS: Senators Sellar and Owen

SENATE COMMITTEE ON FINANCIAL INSTITUTIONS & INSURANCE

Staff: Tom Fender (786-7414)

Hearing Dates: February 7, 1992

BACKGROUND:

Currently a life insurer is obligated to pay interest on life insurance proceeds from the date of death of the insured. Interest accrues at the rate of 8 percent or the rate paid by the insurer on other withdrawable policy proceeds, whichever is higher.

The 8 percent minimum exceeds that which investors can receive on short-term investments.

SUMMARY:

The 8 percent minimum interest obligation on life insurance proceeds is removed and new proof of loss standards are established.

Appropriation: none

Revenue: none

Fiscal Note: none requested