

Effective 5/13/2014

31A-22-428 Interest payable on life insurance proceeds.

- (1) For a life insurance policy delivered or issued for delivery in this state on or after May 5, 2008, the insurer shall pay interest on the death proceeds payable upon the death of the insured.
- (2)
 - (a) Except as provided in Subsection (4), for the period beginning on the date of death and ending the day before the day described in Subsection (3)(b), interest under Subsection (1) shall accrue at a rate no less than the greater of:
 - (i) the rate applicable to policy funds left on deposit; and
 - (ii) the Two Year Treasury Constant Maturity Rate as published by the Federal Reserve.
 - (b) If there is no rate applicable to policy funds on deposit as stated in Subsection (2)(a)(i), then the Two Year Treasury Constant Maturity Rates as published by the Federal Reserve applies.
 - (c) The rate described in Subsection (2)(a) or (b) is the rate in effect on the day on which the death occurs.
 - (d) Interest is payable until the day on which the claim is paid.
- (3)
 - (a) Unless the claim is paid and except as provided in Subsection (4), beginning on the day described in Subsection (3)(b) and ending the day on which the claim is paid, interest shall accrue at the rate in Subsection (2) plus additional interest at the rate of 10% annually.
 - (b) Interest accrues under Subsection (3)(a) beginning with the day that is 31 days from the latest of:
 - (i) the day on which the insurer receives proof of death;
 - (ii) the day on which the insurer receives sufficient information to determine:
 - (A) liability;
 - (B) the extent of the liability; and
 - (C) the appropriate payee legally entitled to the proceeds; and
 - (iii) the day on which:
 - (A) legal impediments to payment of proceeds that depend on the action of parties other than the insurer are resolved; and
 - (B) the insurer receives sufficient evidence of the resolution of the legal impediments described in Subsection (3)(b)(iii)(A).
- (4) A court of competent jurisdiction may require payment of interest from the date of death to the day on which a claim is paid at a rate equal to the sum of:
 - (a) the rate specified in Subsection (2); and
 - (b) the legal rate identified in Subsection 15-1-1(2).

Amended by Chapter 290, 2014 General Session

Amended by Chapter 300, 2014 General Session