

CHAPTER 114
FORMERLY
SENATE BILL NO. 75

AN ACT TO AMEND TITLE 18 OF THE DELAWARE CODE RELATING TO PAYMENT OF LIFE INSURANCE CLAIMS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amends § 2914, Title 18, of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 2914. Payment of claims.

(a) There shall be a provision that when the benefits under the policy ~~shall~~ become payable by reason of the death of the insured, settlement ~~shall~~ must be made upon receipt of due proof of ~~death~~ death, which may consist of a certified copy of the insured's death certificate or other lawful evidence providing equivalent information, and, at the insurer's option, surrender of the policy ~~and/or~~ or proof of the interest of the claimant. If an insurer ~~shall specify~~ specifies a particular period ~~prior to~~ before the expiration of which settlement ~~shall~~ must be made, ~~such~~ the period ~~shall~~ may not exceed ~~2 months~~ 30 days from the receipt of such proofs.

(b) There shall be a provision for the payment of interest on the death benefit under the policy as follows:

(1) Interest accrues and is payable from the date of the initial filing of the death benefits claim, which includes due proof of death.

(2) Interest accrues at the rate applicable to the policy for funds left on deposit or, if the insurer has not established a rate for funds left on deposit, at the 2 year Treasury Constant Maturity Rate as published by the Federal Reserve. In determining the effective annual rate, the insurer shall use the rate in effect on the date of the filing of the initial death benefits claim.

(c) Interest accrues at the effective annual rate determined in subsection (b) of this section, plus additional interest at a rate of 10% annually beginning with the date that is 31 calendar days from the latest of paragraphs (c)(1), (2), and (3) of this subsection to the date the claim is paid, where it is all of the following:

(1) The date that due proof of death is received by the insurer.

(2) The date the insurer receives sufficient information to determine its liability, the extent of the liability, and the appropriate payee legally entitled to the proceeds.

(3) The date that legal impediments to payments of proceeds that depend on the action of parties other than the insurer are resolved and sufficient evidence of the same is provided to the insurer. For purposes of this paragraph (c)(3) of this section, "legal impediments to payments" include the establishment of guardianships and conservatorships; appointments and qualification of trustees, executors, and administrators; and the submission of information required to satisfy state and federal reporting requirements.

Section 2. This Act takes effect 9 months after its enactment into law.

Approved July 17, 2019