

# MAINE STATE LEGISLATURE

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# 123rd MAINE LEGISLATURE

## SECOND REGULAR SESSION-2008

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Legislative Document

No. 2200

H.P. 1569

House of Representatives, February 7, 2008

### An Act To Ensure Full Payment of Annuity Death Benefits

(AFTER DEADLINE)

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 205.

Reference to the Committee on Insurance and Financial Services suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative McKANE of Newcastle.  
Cosponsored by Senator SULLIVAN of York and  
Representatives: BRAUTIGAM of Falmouth, PRIEST of Brunswick. RICHARDSON of  
Warren, TREAT of Hallowell, VAUGHAN of Durham.

1 **Be it enacted by the People of the State of Maine as follows:**

2 **Sec. 1. 24-A MRSA §2537, sub-§10**, as enacted by PL 1969, c. 132, §1, is  
3 amended to read:

4 **10.** Variable annuity contracts delivered or issued for delivery in this State may  
5 include as an incidental benefit provisions for payment on death during the deferred  
6 period of an amount not in excess of the greater of the sum of the premiums or stipulated  
7 payments paid under the contract or the value of the contract at the time of death. The  
8 death benefit must be calculated as of the day the death benefit request is received,  
9 including such proof of death as the insurer may require, and paid no more than one  
10 business day following the calculation. ~~Any such~~ A variable annuity contract providing  
11 such a benefit ~~shall~~ is not ~~be deemed to be~~ life insurance and therefore ~~shall~~ is not ~~be~~  
12 subject to the provisions of this Title governing life insurance contracts. A provision for  
13 any other benefit on death during the deferred period ~~shall be~~ is subject to such insurance  
14 provisions.

15 **SUMMARY**

16 This bill requires, for variable annuity contracts, that the death benefit be calculated  
17 the day the benefit request, including appropriate proof of death, is received and be paid  
18 within one business day of that date. Current law allows an insurer to calculate the  
19 benefit as of the date of death of the insured, but not pay the benefit until much later, a  
20 delay that could result in a loss of value to the annuity during the period the benefit is  
21 calculated and paid. The intent of this bill is to reduce the loss in value to the beneficiary  
22 of the variable annuity policy by reducing the time period between calculation and  
23 payment of the benefit.