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

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

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

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

### **SUMMARY**

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