



128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 870

H.P. 619

House of Representatives, March 7, 2017

An Act To Protect Life Insurance Beneficiaries

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

A handwritten signature in cursive script that reads "R B. Hunt".

ROBERT B. HUNT
Clerk

Presented by Representative TERRY of Gorham.

Cosponsored by Representatives: AUSTIN of Skowhegan, CASÁS of Rockport.

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

2 **Sec. 1. 24-A MRSA §2557** is enacted to read:

3 **§2557. Notification prior to payment of benefits to beneficiary**

4 Prior to the payment of any benefits under a life insurance policy to a beneficiary
5 following the death of an insured, an insurer shall provide the following notices to the
6 beneficiary.

7 **1. Right to elect full payment.** The insurer shall provide notice that the beneficiary
8 has the right to elect full payment of any benefits due as a lump sum.

9 **2. Terms and conditions of benefits held for beneficiary.** If a beneficiary may
10 elect that benefits be held in trust by the insurer, the insurer shall provide notice to the
11 beneficiary of the terms and conditions for holding the benefits in trust, including, but not
12 limited to, whether interest will be paid on benefits that remain in trust and whether
13 amounts held in trust are protected from loss by insurance or other means.

14 **SUMMARY**

15 This bill requires that, prior to the payment of any benefits, an insurer notify a
16 beneficiary entitled to benefits following the death of an insured under a life insurance
17 policy that the beneficiary has the right to elect payment of the death benefits in a lump
18 sum and, if the beneficiary may elect that the insurer hold the benefits in trust, what the
19 terms and conditions are for holding the benefits in trust.