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COMMITTEE REPORT

May 5, 2016

**S. 653**

Introduced by Senator Scott

S. Printed 5/5/16--H.

Read the first time March 23, 2016.

**THE COMMITTEE ON**

**LABOR, COMMERCE AND INDUSTRY**

To whom was referred a Bill (S. 653) to amend Section 38‑63‑80, Code of Laws of South Carolina, 1976, relating to payment of individual life insurance policy benefit proceeds in a lump sum, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

WILLIAM E. SANDIFER III for Committee.

**A** **BILL**

TO AMEND SECTION 38‑63‑80, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO PAYMENT OF INDIVIDUAL LIFE INSURANCE POLICY BENEFIT PROCEEDS IN A LUMP SUM, SO AS TO PROVIDE THE INTEREST PAID MUST BE PAID AT A RATE NOT LESS THAN THE CURRENT RATE INTEREST PAID ON DEATH PROCEEDS LEFT ON DEPOSIT WITH THE INSURER; AND TO AMEND SECTION 38‑65‑120, RELATING TO PAYMENT OF GROUP LIFE INSURANCE POLICY BENEFIT PROCEEDS IN A LUMP SUM, SO AS TO CLARIFY THE REQUIREMENTS FOR CLAIMS SUBMISSIONS, AND TO PROVIDE INTEREST PAID ON LUMP SUM PAYMENTS MUST BE PAID AT A RATE NOT LESS THAN THE CURRENT RATE OF INTEREST PAID ON DEATH PROCEEDS LEFT ON DEPOSIT WITH THE INSURER.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 38‑63‑80 of the 1976 Code is amended to read:

“Section 38‑63‑80. When an individual life insurance policy provides for payment of its proceeds in a lump sum upon the death of the insured and the insurer fails to pay the proceeds within ~~thirty~~ forty-five days of submission of proof of death and all necessary claim papers needed in order to pay the claim properly, the payment must include interest ~~at the legal rate from the date of death of the insured until the date the claim is paid~~. Notwithstanding another provision of law, this interest must be paid at a rate equal to the prime rate plus one percent, but may not exceed the state’s legal rate of interest.”

SECTION 2. Section 38‑65‑120 of the 1976 Code is amended to read:

“Section 38‑65‑120. When a group life insurance policy provides for payment of its proceeds in a lump sum upon the death of an insured and the insurer fails to pay the proceeds within ~~thirty~~ forty-five days of submission of proof of death and all necessary claim papers needed to properly pay the claim, the payment must include interest ~~at the legal rate of interest from the date of death of that insured until the date the claim is paid~~. Notwithstanding another provision of law, this interest must be paid at a rate equal to the prime rate plus one percent, but may not exceed the state’s legal rate of interest.”

SECTION 3. Section 38‑63‑220(f) of the 1976 Code is amended to read:

“(f) a provision that when a policy becomes a claim by the death of the insured, settlement must be made upon receipt of proof of death. When a policy provides for payment of its proceeds in a lump sum upon the death of the insured and the insurer fails to pay the proceeds within ~~thirty~~ forty-five days of submission of proof of death and all necessary claim papers needed in order to pay the claim properly, the payment must include interest ~~at the legal rate of interest from the date of death of the insured until the date the claim is paid~~. Notwithstanding another provision of law, this interest must be paid at a rate equal to the prime rate plus one percent, but may not exceed the state’s legal rate of interest.”

SECTION 4. This act takes effect upon approval by the Governor.

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