

The House Committee on Insurance offers the following substitute to HB 689:

A BILL TO BE ENTITLED
AN ACT

1 To amend Part 12 of Article 1 of Chapter 1 of Title 7 of the Official Code of Georgia
2 Annotated, relating to deposits of deceased depositors, so as to change certain provisions
3 authorizing sums held for a deceased intestate resident's application in payment of the funeral
4 expenses and expenses of the last illness of such deceased depositor; to amend Title 33 of the
5 Official Code of Georgia Annotated, relating to insurance, so as to authorize life insurance
6 proceeds for a deceased intestate insured application in payment of the funeral expenses of
7 such deceased insured; to provide for group life insurance policy provision for a maximum
8 sum for incurred funeral and other expenses where there is no designated beneficiary; to
9 provide for related matters; to repeal conflicting laws; and for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 style="text-align:center">**SECTION 1.**

12 Part 12 of Article 1 of Chapter 1 of Title 7 of the Official Code of Georgia Annotated,
13 relating to deposits of deceased depositors, is amended in Code Section 7-1-239, relating to
14 payment of large deposits of deceased intestate depositors, deposits of sums held for
15 deceased intestate residents, and affidavit included with application for deposit, by revising
16 subsection (b) as follows:

17 "(b) Except as provided in Article 8 of this chapter, if no application for the deposit is
18 made by any person named in subsection (a) of this Code section within ~~90~~ 45 days from
19 the death of the intestate depositor, the financial institution shall be authorized to apply not
20 more than \$10,000.00 of the deposit of such deceased depositor in payment of the funeral
21 expenses and expenses of the last illness of such deceased depositor upon the receipt of
22 itemized statements of such expenses and the affidavit of the providers of such services that
23 the itemized statements are true and correct and have not been paid. The financial
24 institution shall pay such expenses in the order received after the death of the depositor."

25

SECTION 2.

26 Title 33 of the Official Code of Georgia Annotated, relating to insurance, is amended by
 27 revising Code Section 33-25-11, relating to cash surrender value and proceeds of life
 28 insurance policies and annuity contracts not liable to attachment, garnishment, or legal
 29 process in favor of creditors, and proceeds becoming part of insured's estate, as follows:

30 "33-25-11.

31 (a) Whenever any person residing in ~~the~~ this state shall die leaving insurance on his or her
 32 life, such insurance shall inure exclusively to the benefit of the person for whose use and
 33 benefit such insurance is designated in the policy, and the proceeds thereof shall be exempt
 34 from the claims of creditors of the insured unless the insurance policy or a valid assignment
 35 thereof provides otherwise. Except as provided for in subsection (d) of this Code section,
 36 whenever ~~Whenever~~ the insurance, by designation or otherwise, is payable to the insured
 37 or to the insured's estate or to his or her executors, administrators, or assigns, the insurance
 38 proceeds shall become a part of the insured's estate for all purposes and shall be
 39 administered by the personal representative of the estate of the insured in accordance with
 40 the probate laws of ~~the~~ this state in like manner as other assets of the insured's estate.

41 (b) Payments as directed in this Code section shall, in every such case, discharge the
 42 insurer from any further liability under the policy, and the insurer shall in no event be
 43 responsible for, or be required to see to, the application of such payments.

44 (c) The cash surrender values of life insurance policies issued upon the lives of citizens or
 45 residents of this state, upon whatever form, shall not in any case be liable to attachment,
 46 garnishment, or legal process in favor of any creditor of the person whose life is so insured
 47 unless the insurance policy was assigned to or was effected for the benefit of such creditor
 48 or unless the purchase, sale, or transfer of the policy is made with the intent to defraud
 49 creditors.

50 (d) However, whenever any person residing in this state shall die intestate having
 51 insurance on his or her life of not more than \$10,000.00 payable to the insured's estate and
 52 the insured's estate does not include any real property, the insurer shall be authorized to pay
 53 the proceeds of such insurance directly in payment of the funeral expenses upon the receipt
 54 of itemized statements of such expenses and the affidavit of the providers of such services
 55 that the itemized statements are true and correct and have not been paid. Payment pursuant
 56 to this subsection shall operate as a complete acquittal of and discharge to the insurer of
 57 liability from any suit, claim, or demand of whatever nature by any heir, distributee,
 58 creditor of the decedent, or any other person. Such payment is authorized to be made as
 59 provided in this subsection without the necessity of administration of the estate of the
 60 decedent or without the necessity of obtaining an order that no administration is necessary."

61 **SECTION 3.**

62 Said title is further amended in Code Section 33-27-3, relating to required policy provisions
63 of group life insurance, by revising paragraph (6) of and adding a new paragraph to
64 subsection (a) to read as follows:

65 "(6) A provision that any sum becoming due by reason of the death of the person insured
66 shall be payable to the beneficiary designated by the person insured, except as otherwise
67 provided in paragraph (11) of this subsection, subject to the provisions of the policy, in
68 the event there is no designated beneficiary living at the death of the person insured, as
69 to all or any part of such sum and subject to any right reserved by the insurer in the policy
70 and set forth in the certificate to pay at its option a part of such sum not exceeding
71 ~~\$500.00~~ \$10,000.00 to any person appearing to the insurer to be entitled equitably thereto
72 by reason of having incurred funeral or other expenses incident to the last illness or death
73 of the person insured;

74 (6.1) A provision that a sum not exceeding \$10,000.00 becoming due by reason of the
75 death of the person insured and in the event there is no designated beneficiary or there is
76 no designated beneficiary living at the death of the person insured, the insurer shall be
77 authorized to pay the proceeds of such insurance directly in the payment of the funeral
78 expenses upon receipt of an itemized statement of such expenses and the affidavit of the
79 providers of such services that the itemized statements are true and correct and have not
80 been paid. Payment pursuant to this paragraph shall operate as a complete acquittal of
81 and discharge to the insurer of liability from any suit, claim, or demand of whatever
82 nature by any heir, distributee, creditor of the decedent, or any other person. Such
83 payment is authorized to be made as provided in this paragraph without the necessity of
84 administration of the estate of the decedent or without the necessity of obtaining an order
85 that no administration is necessary:"

86 **SECTION 4.**

87 All laws and parts of laws in conflict with this Act are repealed.