

1 HB126
2 139002-10
3 By Representative Wren
4 RFD: Insurance
5 First Read: 07-FEB-12
6 PFD: 02/02/2012

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

ENROLLED, An Act,

To establish the Unclaimed Life Insurance Benefits Act; to require the insurer to search the death master file; to require that no fee is to be charged associated with the search; to require the insurer to notify the State Treasurer; and to require the insurer to submit the unclaimed life insurance benefits or unclaimed retained asset account, plus interest, to the State Treasurer.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and may be cited as the Unclaimed Life Insurance Benefits Act.

Section 2. This act shall require recognition of the escheat or unclaimed property statutes of Alabama as they relate to the method of payment for life insurance death benefits regulated by the Department of Insurance.

Section 3. The following terms shall have the following meanings:

(1) CONTRACT. An annuity contract. The term contract shall not include an annuity used to fund an employment-based retirement plan or program where the insurer is not committed by terms of the annuity contract to pay death benefits to the beneficiaries of specific plan participants.

(2) DEATH MASTER FILE. The United States Social Security Administration's Death Master File or any other

1 database or service that is at least as comprehensive as the
2 United States Social Security Administration's Death Master
3 File for determining that a person has reportedly died.

4 (3) DEATH MASTER FILE MATCH. A search of the death
5 master file that results in a match of the Social Security
6 number or the name and date of birth of an insured, annuity
7 contract owner, an annuitant, or retained asset account
8 holder.

9 (4) INDUSTRIAL LIFE INSURANCE POLICY. A policy of
10 life insurance with a face amount of two thousand five hundred
11 dollars (\$2,500), or less, and which provides for payment of
12 premiums monthly or more often.

13 (5) INSURER. An insurer, as defined in Section
14 27-1-2(2), Code of Alabama 1975, which issues life insurance
15 policies or annuity contracts.

16 (6) POLICY. Any policy, as defined in Section
17 27-14-1 of the Code of Alabama 1975, or certificate of life
18 insurance that provides a death benefit. The term policy shall
19 not include any policy or certificate of life insurance that
20 provides a death benefit under: (i) an employee benefit plan
21 subject to the Employee Retirement Income Security Act of
22 1974, 29 U.S.C. § 1002, as periodically amended; (ii) any
23 federal employee benefit program; (iii) government plans or
24 church plans as defined in the Employment Retirement Income
25 Security Act of 1974 (29 U.S.C. 1002 (32) and (33)), as

1 periodically amended; (iv) any policy or certificate of life
2 insurance that is used to fund a preneed funeral contract or
3 prearrangement; (v) any policy or certificate of credit life
4 or accident and health insurance; (vi) any policy of burial
5 insurance, the primary death benefit of which is to be
6 provided in the form of tangible merchandise, such as a casket
7 or funeral services; or (vii) any industrial life insurance
8 policy.

9 Section 4. (a) An insurer shall perform a comparison
10 of its insureds' in-force life insurance policies, annuity
11 contracts, and retained asset accounts against a death master
12 file, ~~not less frequently than semi-annually,~~ to identify
13 potential death master file matches of its insureds. Such
14 comparison shall be commenced within six months after the
15 effective date of this act and completed within three years
16 after the effective date of this act. Thereafter, an insurer
17 shall maintain a program designed to compare each such policy,
18 contract, or account with a death master file no less
19 frequently than every three years, it being the intent that
20 insurers fashion a program that best fits their business
21 systems while at the same time protecting consumers by
22 assuring reasonable checks are being performed to identify
23 unreported deaths. For those potential death master file
24 matches identified as a result of a death master file ~~match~~
25 comparison, the insurer shall do all of the following:

1 (1) Within 90 days of a death master file match:

2 a. Complete a commercially reasonable effort, which
3 shall be documented by the insurer, to confirm the death of
4 the insured, contract owner or annuitant, or retained asset
5 account holder against other available records and
6 information.

7 b. Determine whether a policy or contract insuring
8 the insured or annuitant is in force or a retained asset
9 account exists and whether benefits may be due in accordance
10 with the applicable policy or contract and if a policy is in
11 force or a retained asset account exists and benefits may be
12 due in accordance with the applicable policy or contract:

13 1. Use commercially reasonable efforts, which shall
14 be documented by the insurer, to locate the beneficiary or
15 beneficiaries or other person entitled to payment pursuant to
16 the terms of the policy or contract.

17 2. Provide the appropriate claim forms or
18 instructions to the beneficiary or beneficiaries or other
19 person entitled to payment pursuant to the terms of the policy
20 or contract to make a claim, including the need to provide
21 written evidence of the loss, including, but not limited to,
22 an official death certificate, medical authorizations, medical
23 records, or other reasonable evidence of the loss or its
24 circumstances such as is ordinarily required by the insurer of
25 similar claimants.

1 (2) With respect to group life insurance, an insurer
2 is required only to confirm the possible death of an insured
3 when the insurer provides full recordkeeping services to the
4 group policyholder and maintains in the ordinary course of
5 business at least the following information of those covered
6 under a policy or certificate: a. Complete insured
7 information, including Social Security number and complete
8 name and date of birth; b. beneficiary designation
9 information; c. coverage eligibility; d. benefit amount; and
10 e. premium payment status.

11 (b) To the extent permitted by law, the insurer may
12 disclose minimum necessary personal information about the
13 insured or beneficiary to a person who the insurer reasonably
14 believes may be able to assist the insurer to locate the
15 beneficiary or a person otherwise entitled to payment of the
16 claims proceeds.

17 (c) An insurer shall not charge insureds, account
18 holders, or beneficiaries for any fees or costs associated
19 with a search or verification conducted pursuant to this
20 section.

21 (d) After the insurer has completed the items
22 required in subdivision (1) of subsection (a), any benefits
23 payable under a life insurance policy, annuity contract, or a
24 retained asset account, plus any applicable accrued interest,
25 shall first be payable to the designated beneficiaries,

1 owners, or other person entitled to payment pursuant to the
2 terms of the policy or contract, and in the event the
3 beneficiaries, owners, or other person entitled to payment
4 pursuant to the terms of the policy or contract cannot be
5 found, shall escheat to the state as unclaimed property in
6 accordance with the provisions of Article 2A, Chapter 12 of
7 Title 35 of the Code of Alabama 1975. Nothing in this section
8 shall be deemed to change the terms of any contract or policy
9 concerning contestability or requiring the submission of due
10 proof of loss.

11 (e) Subject to the provisions of subsection (d), an
12 insurer shall notify the State Treasurer, in accordance with
13 the provisions of Section 35-12-76 of the Code of Alabama
14 1975, upon the expiration of the statutory time period for
15 escheat after all of the following have occurred:

16 (1) A positive death master file match has occurred.

17 (2) A life insurance policy or annuity contract
18 beneficiary or retained asset account holder has not submitted
19 a claim with the insurer.

20 (3) The insurer has complied with subsection (a) and
21 has been unable, after commercially reasonable efforts
22 documented by the insurer, to contact the retained asset
23 account holder, beneficiary, beneficiaries, or other person
24 entitled to payment pursuant to the terms of the policy or
25 contract.

1 (f) Upon such notice, an insurer shall submit the
2 unclaimed life insurance or annuity death benefits, or
3 unclaimed retained asset accounts, plus any applicable accrued
4 interest, to the State Treasurer, pursuant to Section 35-12-77
5 of the Code of Alabama 1975.

6 Section 5. This act shall become effective on
7 January 1, 2014, following its passage and approval by the
8 Governor, or its otherwise becoming law.

