

HOUSE No. 34

So much of the recommendations of the Department of the State Treasurer (House, No. 23) as relates to life insurance proceeds. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Ninetieth General Court
(2017-2018)

An Act relative to life insurance proceeds.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 200A of the General Laws, as appearing in the 2014 Official
2 Edition, is hereby amended by placing after section 5B the following new section:-

3 Section 5C. (a) As used in this section, the following words shall, unless context
4 otherwise requires, have the following meanings:

5 “Contract”, annuity contract; provided, however, the term shall not include any annuity
6 used to fund an employment-based retirement plan or program where the insurer is not
7 committed by terms of the annuity contract to pay death benefits to the beneficiaries of specific
8 plan participants.

9 “Death Master File”, United States Social Security Administration’s Death Master File or
10 any other database or service that is at least as comprehensive as the United States Social
11 Security Administration’s Death Master File for determining that person has reportedly died.

12 “Death Master File Match”, a search of the Death Master File that results in a match of
13 the Social Security number or the name and date of birth of an insured, annuity owner, or
14 retained asset account holder.

15 “Policy”, any policy or certificate of life insurance that provides a death benefit;
16 provided, however, the term shall not include any policy or certificate of life insurance that
17 provides a death benefit under; (a) an employee benefit plan, subject to Employee Retirement
18 Income Security Act of 1974, as defined by 29 U.S.C. sec 1002(3); (b) a governmental plan as
19 defined by 29 U.S.C. sec 1002(32); (c) a church plan as defined by 29 U.S.C. sec 1002(33); or
20 (d) any federal employee benefit program; (d) any policies or certificates of insurance on the life
21 of a debtor pursuant to or in connection with a specific loan or other credit transaction, or any
22 group policy issued to a creditor to insure the lives of the debtors and any certificates issued
23 under such policies.

24 All other terms used in this section shall be interpreted in a manner consistent with all the
25 definitions used in this chapter.

26 (b) (1) An insurer shall preform a comparison of its insured’s’ in-force life insurance
27 policies and retained asset accounts against a Death Master File , on at least a semi-annual basis,
28 to identify potential matches of its insureds.

29 (2) For those potential matches identified as a result of a Death Master File match, the
30 insured shall, within ninety (90) days of a Death Master File Match: (i) Complete a good faith
31 effort, which shall be documented by the insurer, to confirm the death of the insured or retain
32 asset account holder against other available records and information; and (ii) determine whether
33 benefits are due in accordance with the applicable policy or contract, and if benefits are due in

34 accordance with the applicable policy or contract: (iii) use good faith efforts, which shall be
35 documented by the insurer, to locate the beneficiaries; and (iv) provide the appropriate claims
36 forms or instructions to each beneficiary to make a claim, including the need to provide an
37 official death certificate if applicable under the policy contract.

38 With respect to group life insurance, insurers are required only to confirm the possible
39 death of an insured when the insurers provide full record-keeping services under the group
40 policy holder,

41 (c) To the extent permitted by law, the insurer may disclose minimum necessary personal
42 information about the insured to a beneficiary or to a person who the insurer reasonably believes
43 may be able to assist the insurer to locate the beneficiary or a person otherwise entitled to
44 payment of the claims proceeds.

45 (d) An insurer shall not charge insureds, account holders or beneficiaries for any fees or
46 costs associated with a search or verification conducted pursuant to this section.

47 (e) The benefits from a life insurance policy or retained asset account, plus any applicable
48 accrued interest, shall first be payable to the designated beneficiaries or owners and in the event
49 those beneficiaries or owners cannot be found, shall escheat to the state as unclaimed property
50 pursuant to this chapter. For purposes of this section, the dormancy period shall be the date of
51 death of the insured.

52 (f) The insurer shall submit the unclaimed life insurance benefits or unclaimed retained
53 asset accounts, plus any applicable accrued interest, to the treasurer.