

2014 -- S 2308 SUBSTITUTE A

LC004298/SUB A

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

A N A C T

RELATING TO INSURANCE -- UNCLAIMED LIFE INSURANCE BENEFITS ACT

Introduced By: Senators Picard, and Bates

Date Introduced: February 12, 2014

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

1 SECTION 1. Title 27 of the General Laws entitled "INSURANCE" is hereby amended
2 by adding thereto the following chapter:

3 CHAPTER 80

4 UNCLAIMED LIFE INSURANCE BENEFITS ACT

5 **27-80-1. Short title.** -- This chapter shall be known and may be cited as the "Unclaimed
6 Life Insurance Benefits Act".

7 **27-80-2. Purpose.** -- By enacting this chapter, it is the intent of the general assembly to
8 require the complete and proper disclosure, transparency, and accountability relating to any
9 method of payment for life insurance death benefits regulated by the state.

10 **27-80-3. Definitions.** -- As used in this chapter:

11 (1) "Death master file" means the United States social security administration's death
12 master file or any other database or service that is at least as comprehensive as the United States
13 social security administration's death master file for determining that a person has reportedly
14 died.

15 (2) "Death master file match" means a search of the death master file that results in a
16 match of the social security number or the name and date of birth of an insured, annuity owner, or
17 retained asset account holder.

18 (3) "Policy" means any policy or certificate of life insurance that provides a death benefit.
19 The term "policy" shall not include:

1 (i) Any policy of certificate of life insurance that provides a death benefit under an
2 employee benefit plan:

3 (A) Subject to the Employee Retirement Income Security Act of 1974 (Pub. L. 93-406)
4 29 U.S.C. 1002, as periodically amended; or

5 (B) Under any federal employee benefit program; or

6 (ii) Any policy or certificate of life insurance that is used to fund a pre-need funeral
7 contract or pre-arrangement; or

8 (iii) Any policy or certificate of credit life or accidental death insurance.

9 (4) "Contract" means an annuity contract. The term "contract" shall not include an
10 annuity used to fund an employment-based retirement plan or program where the insurer is not
11 committed by terms of the annuity contract to pay death benefits to the beneficiaries of specific
12 plan participants.

13 **27-80-4. Insurer conduct.** -- (a) An insurer shall perform a comparison of its insureds'
14 in-force life insurance policies and retained asset accounts issued for delivery in this state against
15 a death master file, on at least a semi-annual basis, to identify potential matches of its insureds.
16 After the initial comparison, an insurer shall perform a comparison of the insurer's in-force life
17 insurance policies against the revised death master file, on at least a semi-annual basis, to identify
18 the potential matches of the insurer's insureds. For those potential matches identified as a result of
19 a death master file match, the insurer shall:

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

21 (i) Complete a good faith effort, which shall be documented by the insurer, to confirm the
22 death of the insured or retained asset account holder against other available records and
23 information;

24 (ii) Review its records to determine whether the deceased insured or retained asset
25 account holder had purchased any other products with the insurer; and

26 (iii) Determine whether benefits are due in accordance with the applicable policy or
27 contract. If the insurer determines that benefits are due in accordance with the applicable policy
28 or contract, the insurer shall:

29 (A) Use good faith efforts, which shall be documented by the insurer, to locate the
30 beneficiary or beneficiaries; and

31 (B) Provide the appropriate claims forms or instructions to the beneficiary or
32 beneficiaries to make a claim including the need to provide an official death certificate, if
33 applicable under the policy or contract.

34 (b) An insurer shall implement procedures to account for:

1 (1) Common nicknames, initials used in lieu of a first or middle name, use of a middle
2 name, compound first and middle names, and interchanged first and middle names;

3 (2) Compound last names, maiden or married names, and hyphens, blank spaces or
4 apostrophes in last names;

5 (3) Transposition of the "month" and "date" portions of the date of birth; and

6 (4) Incomplete social security numbers.

7 (c) With respect to group life insurance, insurers are required to confirm the possible
8 death of an insured when the insurers maintain at least the following information of those covered
9 under a policy or certificate:

10 (1) Social Security number or name and date of birth;

11 (2) Beneficiary designation information;

12 (3) Coverage eligibility;

13 (4) Benefit amount; and

14 (5) Premium payment status.

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

19 (e) An insurer or its service provider shall not charge insureds, account holders, or
20 beneficiaries for any fees or costs associated with a search or verification conducted pursuant to
21 this section.

22 (f) The benefits from a life insurance policy or a retained asset account, plus any
23 applicable accrued interest shall first be payable to the designated beneficiaries or owners, and in
24 the event said beneficiaries or owners cannot be found, shall escheat to the state as unclaimed
25 property pursuant to the applicable state law, including, but not limited to, chapter 33-21.1
26 ("Unclaimed tangible and intangible property").

27 (g) Nothing in this chapter shall be construed to limit the responsibility of an insurer with
28 respect to requirements of § 33-21.1-7 ("Funds owing under life insurance policies") or absolve
29 the insurer of penalties enumerated in § 33-21.1-34 ("Interest and penalties") for failure to
30 comply.

31 (h) In the event that any resolution agreement or a voluntary disclosure agreement
32 between an insurer and the state's unclaimed property administrator conflicts with this chapter,
33 the terms of the agreement shall supersede this chapter.

34 (i) The commissioner may, in his or her reasonable discretion, make an order:

1 (1) Limiting an insurer's death master file comparisons required under § 27-80-4 to the
2 insurer's electronically searchable files or approving a plan and timeline for conversion of the
3 insurer's files to electronic searchable files;

4 (2) Exempting an insurer from the death master file comparisons required under § 27-80-
5 4 or permitting an insurer to perform such comparisons less frequently than semi-annually upon a
6 demonstration of financial hardship by the insurer; or

7 (3) Phasing-in compliance with this section according to a plan and timeline approved by
8 the commissioner.

9 **27-80-5. Penalties. --** A violation of this chapter shall subject the insurer to penalties as
10 determined appropriate in accordance with § 42-14-16 ("Insurance Administrative Penalties").

11 SECTION 2. This act shall take effect on January 1, 2016.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO INSURANCE -- UNCLAIMED LIFE INSURANCE BENEFITS ACT

1 This act would create the Unclaimed Life Insurance Benefits Act. The act would require
2 a good faith effort by insurers to seek out claimants under life insurance policies and to notify the
3 department of business regulation of such efforts when the insurer cannot find an appropriate
4 beneficiary or payee under the policy.

5 This act would take effect on January 1, 2016.

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