

UNCLAIMED LIFE INSURANCE BENEFITS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: James A. Dunnigan

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies the Insurance Code to address life insurance benefits.

Highlighted Provisions:

This bill:

- ▶ enacts the Unclaimed Life Insurance Benefits Act, including:
 - defining terms; and
 - imposing requirements on insurers related to life insurance.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

ENACTS:

31A-22-1901, Utah Code Annotated 1953

31A-22-1902, Utah Code Annotated 1953

31A-22-1903, Utah Code Annotated 1953

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **31A-22-1901** is enacted to read:

Part 19. Unclaimed Life Insurance Benefits Act



28 31A-22-1901. Title.

29 This part is known as the "Unclaimed Life Insurance Benefits Act."

30 Section 2. Section **31A-22-1902** is enacted to read:

31 31A-22-1902. Definitions.

32 As used in this part:

33 (1) "Administrator" means the same as that term is defined in Section [67-4a-102](#).

34 (2) (a) "Contract" means an annuity contract.

35 (b) "Contract" does not include an annuity used to fund an employment-based

36 retirement plan or program when:

37 (i) the insurer does not perform the record keeping services; or

38 (ii) the insurer is not committed by terms of the annuity contract to pay death benefits
39 to the beneficiaries of specific plan participants.

40 (3) "Death master file" means the United States Social Security Administration's Death
41 Master File or another database or service that is at least as comprehensive as the United States
42 Social Security Administration's Death Master File for determining that a person has reportedly
43 died.

44 (4) "Death master file match" means a search of a death master file that results in a
45 match of the Social Security number or the name and date of birth of an insured, annuity
46 owner, or retained asset account holder.

47 (5) "Knowledge of death" means:

48 (a) receipt of an original or valid copy of a certified death certificate; or

49 (b) a death master file match validated by the insurer in accordance with Subsection
50 [31A-22-1903\(1\)\(a\)](#).

51 (6) (a) "Policy" means a policy or certificate of life insurance issued on or after July 1,
52 2015, that provides a death benefit.

53 (b) "Policy" does not include:

54 (i) a policy or certificate of life insurance that provides a death benefit under an
55 employee benefit plan:

56 (A) subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. Sec.
57 1002, as periodically amended; or

58 (B) under any federal employee benefit program;

59 (ii) a policy or certificate of life insurance that is used to fund a preneed funeral
60 contract or prearrangement;

61 (iii) a policy or certificate of credit life or accidental death insurance; or

62 (iv) a policy issued to a group master policyholder for which the insurer does not
63 provide record keeping services.

64 (7) "Record keeping services" means those circumstances under which the insurer
65 agrees with a group policy or contract customer to be responsible for obtaining, maintaining,
66 and administering, in its own or its agents' systems, information about each individual insured
67 under an insured's group insurance contract, or a line of coverage under the group insurance
68 contract, at least the following information:

69 (a) Social Security number or name and date of birth;

70 (b) beneficiary designation information;

71 (c) coverage eligibility;

72 (d) benefit amount; and

73 (e) premium payment status.

74 (8) "Retained asset account" means any mechanism whereby the settlement of proceeds
75 payable under a policy or contract is accomplished by the insurer or an entity acting on behalf
76 of the insurer by depositing the proceeds into an account with check or draft writing privileges,
77 where those proceeds are retained by the insurer or its agent, pursuant to a supplementary
78 contract not involving annuity benefits other than death benefits.

79 Section 3. Section 31A-22-1903 is enacted to read:

80 **31A-22-1903. Insurer conduct.**

81 (1) An insurer shall perform a comparison of its insureds' in-force policies, contracts,
82 and retained asset accounts against a death master file, on at least a semi-annual basis, by using
83 the full death master file once and thereafter using the death master file update files for future
84 comparisons to identify potential matches of its insureds. For those potential matches
85 identified as a result of a death master file match:

86 (a) The insurer shall within 90 days of a death master file match:

87 (i) complete a good faith effort, that the insurer documents, to confirm the death of the
88 insured or retained asset account holder against other available records and information; and

89 (ii) determine whether benefits are due in accordance with the applicable policy or

90 contract, and if benefits are due in accordance with the applicable policy or contract:

91 (A) use good faith efforts, that the insurer documents, to locate the beneficiary or
92 beneficiaries; and

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

96 (b) With respect to group life insurance, an insurer shall confirm the possible death of
97 an insured when the insurer maintains at least the following information of those covered under
98 a policy or certificate:

99 (i) Social Security number or name and date of birth;

100 (ii) beneficiary designation information;

101 (iii) coverage eligibility;

102 (iv) benefit amount; and

103 (v) premium payment status.

104 (c) An insurer shall implement procedures to account for:

105 (i) initials used in lieu of a first or middle name, use of a middle name, compound first
106 and middle names, and interchanged first and middle names;

107 (ii) compound last names, hyphens, and blank spaces or apostrophes in last names; and

108 (iii) transposition of the "month" and "date" portions of the date of birth.

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

113 (2) An insurer or the insurer's service provider may not charge a beneficiary or other
114 authorized representative for fees or costs associated with a death master file search or
115 verification of a death master file match conducted pursuant to this section.

116 (3) The benefits from a policy, contract, or a retained asset account, plus any applicable
117 accrued contractual interest shall first be payable to the designated beneficiaries or owners and
118 in the event said beneficiaries or owners can not be found, shall escheat to the state as
119 unclaimed property pursuant to Section [67-4a-205](#). Interest payable under Section [31A-22-428](#)
120 may not be payable as unclaimed property under Section [67-4a-205](#).

121 (4) An insurer shall notify the administrator upon the expiration of the statutory time
122 period for escheat that:

123 (a) a policy, contract beneficiary, or retained asset account holder has not submitted a
124 claim with the insurer; and

125 (b) the insurer has complied with Subsection (1) and has been unable, after good faith
126 efforts documented by the insurer, to contact the retained asset account holder, beneficiary, or
127 beneficiaries.

128 (5) Upon such notice, an insurer shall immediately submit the unclaimed policy or
129 contract benefits or unclaimed retained asset accounts, plus any applicable accrued interest, to
130 the administrator.

131 Section 4. **Effective date.**

132 This bill takes effect on July 1, 2015.

Legislative Review Note

as of 1-22-15 4:13 PM

Office of Legislative Research and General Counsel