

Representative James A. Dunnigan proposes the following substitute bill:

UNCLAIMED LIFE INSURANCE AND ANNUITY BENEFITS

2015 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: James A. Dunnigan

Senate Sponsor: Curtis S. Bramble

LONG TITLE

General Description:

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

Highlighted Provisions:

This bill:

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

retained asset accounts.

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



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

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

28 **Part 19. Unclaimed Life Insurance and Annuity Benefits Act**

29 **31A-22-1901. Title.**

30 This part is known as the "Unclaimed Life Insurance and Annuity Benefits Act."

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

32 **31A-22-1902. Definitions.**

33 As used in this part:

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

35 (2) "Asymmetric conduct" means an insurer's use of the death master file or other
36 similar database before July 1, 2015, in connection with searching for information regarding
37 whether annuitants under the insurer's annuities might be deceased, but not in connection with
38 whether the insureds under the insurer's policies might be deceased.

39 (3) (a) "Contract" means an annuity contract.

40 (b) "Contract" does not include an annuity used to fund an employment-based
41 retirement plan or program when:

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

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

45 (4) "Death master file" means the United States Social Security Administration's Death
46 Master File or another database or service that is at least as comprehensive as the United States
47 Social Security Administration's Death Master File for determining that a person has reportedly
48 died.

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

52 (6) "Knowledge of death" means:

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

54 (b) a death master file match validated by the insurer in accordance with Subsection
55 [31A-22-1903\(1\)\(a\)](#).

56 (7) (a) "Policy" means a policy or certificate of life insurance that provides a death

57 benefit.

58 (b) "Policy" does not include:

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

61 (A) subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. Sec.
62 1002, as periodically amended; or

63 (B) under any federal employee benefit program;

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

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

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

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

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

75 (b) beneficiary designation information;

76 (c) coverage eligibility;

77 (d) benefit amount; and

78 (e) premium payment status.

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

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

85 **31A-22-1903. Insurer conduct.**

86 (1) An insurer shall perform a comparison of its insureds' in-force policies, contracts,
87 and retained asset accounts against a death master file, on at least a semi-annual basis, by using

88 the full death master file once and thereafter using the death master file update files for future
89 comparisons to identify potential matches of its insureds. For those potential matches
90 identified as a result of a death master file match:

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

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

94 (ii) determine whether benefits are due in accordance with the applicable policy or
95 contract, and if benefits are due in accordance with the applicable policy or contract:

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

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

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

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

105 (ii) beneficiary designation information;

106 (iii) coverage eligibility;

107 (iv) benefit amount; and

108 (v) premium payment status.

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

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

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

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

114 (d) To the extent permitted by law, the insurer may disclose minimum necessary

115 personal information about the insured or beneficiary to a person who the insurer reasonably

116 believes may be able to assist the insurer locate the beneficiary or a person otherwise entitled to
117 payment of the claims proceeds.

118 (2) (a) An insurer that has not engaged in asymmetric conduct before July 1, 2015, is

119 not required to comply with the requirements of this section with respect to a policy, annuity,
120 or retained asset account issued or delivered before July 1, 2015.

121 (b) Notwithstanding Subsection (2)(a), an insurer, regardless of whether it has engaged
122 in asymmetric conduct, shall comply with the requirements of this section for a policy, annuity,
123 or retained asset account issued on or after July 1, 2015.

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

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

132 (5) An insurer shall notify the administrator upon the expiration of the statutory
133 holding period under Section [67-4a-205](#) that:

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

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

139 (6) Upon such notice, an insurer shall immediately submit the unclaimed policy or
140 contract benefits or unclaimed retained asset accounts, plus any applicable accrued interest, to
141 the administrator.

142 **Section 4. Effective date.**

143 This bill takes effect on July 1, 2015.