

1 HB192
2 147605-4
3 By Representative Wren
4 RFD: Insurance
5 First Read: 07-FEB-13

1
2 ENROLLED, An Act,

3 Relating to insurance; to amend Sections 2, 3, and 4
4 of Act 2012-424 of the 2012 Regular Session, now appearing as
5 Sections 27-15-51, 27-15-52, and 27-15-53 of the Code of
6 Alabama 1975; to provide that the requirement that certain
7 insurers search the death master file shall apply only to life
8 insurance policies, annuity contracts, and retained asset
9 accounts issued and delivered in this state and which are
10 issued or entered into on or after January 1, 2016, and to
11 require each insurer who has in-force life insurance policies,
12 annuity contracts, and retained asset accounts to compare
13 those items against a death master file, to identify potential
14 death master file matches of its insureds completed by January
15 1, 2019.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. Sections 2, 3, and 4 of Act 2012-424 of
18 the 2012 Regular Session, now appearing as Sections 27-15-51, 27-15-52,
19 27-15-52, and 27-15-53 of the Code of Alabama 1975, are
20 amended to read as follows:

21 "§27-15-51.

22 "(a) This article shall require recognition of the
23 escheat or unclaimed property statutes of Alabama as they
24 relate to the method of payment for life insurance death
25 benefits regulated by the Department of Insurance.

1 "(b) This article shall apply only to life insurance
 2 policies, annuity contracts, and retained asset accounts
 3 issued and delivered in this state and which are issued or
 4 entered into on or after January 1, 2016.

5 "§27-15-52.

6 "The following terms shall have the following
 7 meanings:

8 "(1) COMMERCIALY REASONABLE EFFORT. The plans,
 9 processes, or procedures necessary to confirm the death of the
 10 insured, contract owner or annuitant, or retained asset
 11 account holder against other available records and information
 12 and, as applicable, to locate the beneficiary or beneficiaries
 13 or other person entitled to payment pursuant to the terms of
 14 the policy or contract which have been developed by each
 15 insurer and submitted to and approved by the department.

16 ~~"(1)~~(2) CONTRACT. An annuity contract. The term
 17 contract shall not include an annuity used to fund an
 18 employment-based retirement plan or program where the insurer
 19 is not committed by terms of the annuity contract to pay death
 20 benefits to the beneficiaries of specific plan participants.

21 ~~"(2)~~(3) DEATH MASTER FILE. The United States Social
 22 Security Administration's Death Master File or any other
 23 database or service that is at least as comprehensive as the
 24 United States Social Security Administration's Death Master
 25 File for determining that a person has reportedly died.

1 ~~"(3)~~(4) DEATH MASTER FILE MATCH. A search of the
2 death master file that results in a match of the Social
3 Security number or the name and date of birth of an insured,
4 annuity contract owner, an annuitant, or retained asset
5 account holder.

6 ~~"(4)~~(5) INDUSTRIAL LIFE INSURANCE POLICY. A policy
7 of life insurance with a face amount of two thousand five
8 hundred dollars (\$2,500), or less, and which provides for
9 payment of premiums monthly or more often.

10 ~~"(5)~~(6) INSURER. An insurer, as defined in Section
11 27-1-2(2), which issues life insurance policies or annuity
12 contracts.

13 ~~"(6)~~(7) POLICY. Any policy, as defined in Section
14 27-14-1, or certificate of life insurance that provides a
15 death benefit. The term policy shall not include any policy or
16 certificate of life insurance that provides a death benefit
17 under: (i) an employee benefit plan subject to the Employee
18 Retirement Income Security Act of 1974, 29 U.S.C. § 1002, as
19 periodically amended; (ii) any federal employee benefit
20 program; (iii) government plans or church plans as defined in
21 the Employment Retirement Income Security Act of 1974 (29
22 U.S.C. § 1002 (32) and (33)), as periodically amended; (iv)
23 any policy or certificate of life insurance that is used to
24 fund a preneed funeral contract or prearrangement; (v) any
25 policy or certificate of credit life or accident and health

1 insurance; (vi) any policy of burial insurance, the primary
 2 death benefit of which is to be provided in the form of
 3 tangible merchandise, such as a casket or funeral services; or
 4 (vii) any industrial life insurance policy.

5 "§27-15-53.

6 "(a) An insurer shall perform a comparison of its
 7 insureds' in-force life insurance policies, annuity contracts,
 8 and retained asset accounts against a death master file, to
 9 identify potential death master file matches of its insureds.
 10 Such comparison shall be ~~commenced by July 1, 2014 2016,~~ and
 11 completed by January 1, ~~2017~~ 2019. Thereafter, an insurer
 12 shall maintain a program designed to compare each such policy,
 13 contract, or account with a death master file no less
 14 frequently than every three years, it being the intent that
 15 insurers fashion a program that best fits their business
 16 systems while at the same time protecting consumers by
 17 assuring reasonable checks are being performed to identify
 18 unreported deaths. For those potential death master file
 19 matches identified as a result of a death master file
 20 comparison, the insurer shall do all of the following:

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

22 "a. Complete a commercially reasonable effort, which
 23 shall be documented by the insurer, to confirm the death of
 24 the insured, contract owner or annuitant, or retained asset

1 account holder against other available records and
2 information.

3 "b. Determine whether a policy or contract insuring
4 the insured or annuitant is in force or a retained asset
5 account exists and whether benefits may be due in accordance
6 with the applicable policy or contract and if a policy is in
7 force or a retained asset account exists and benefits may be
8 due in accordance with the applicable policy or contract:

9 "1. Use commercially reasonable efforts, which shall
10 be documented by the insurer, to locate the beneficiary or
11 beneficiaries or other person entitled to payment pursuant to
12 the terms of the policy or contract.

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

22 "(2) With respect to group life insurance, an
23 insurer is required only to confirm the possible death of an
24 insured when the insurer provides full recordkeeping services
25 to the group policyholder and maintains in the ordinary course

1 of business at least the following information of those
2 covered under a policy or certificate:

3 "a. Complete insured information, including Social
4 Security number and complete name and date of birth.

5 "b. Beneficiary designation information.

6 "c. Coverage eligibility.

7 "d. Benefit amount.

8 "e. Premium payment status.

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

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

19 "(d) After the insurer has completed the ~~items~~
20 efforts required in subdivision (1) of subsection (a), any
21 benefits payable under a life insurance policy, annuity
22 contract, or a retained asset account, plus any applicable
23 accrued interest, shall first be payable to the designated
24 beneficiaries, owners, or other person entitled to payment
25 pursuant to the terms of the policy or contract, and in the

1 event the beneficiaries, owners, or other person entitled to
2 payment pursuant to the terms of the policy or contract cannot
3 be found after the insurer has completed the efforts required
4 in subdivision (1) of subsection (b), shall escheat to the
5 state as unclaimed property in accordance with the provisions
6 of Article 2A, Chapter 12 of Title 35. Nothing in this section
7 shall be deemed to change the terms of any contract or policy
8 concerning contestability or requiring the submission of due
9 proof of loss.

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

15 "(1) A positive death master file match has
16 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)
21 and 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
5 35-12-77."

6 Section 2. This act shall become effective on the
7 first day of the third month following its passage and
8 approval by the Governor, or its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 18-APR-13, as amended.

Jeff Woodard
Clerk

Senate

02-MAY-13

Passed