

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

2
3
4
5
6
7
8 SYNOPSIS: Under existing law, certain insurers are
9 required to search the death master file and notify
10 the State Treasurer of any unclaimed life insurance
11 benefits or unclaimed retained asset accounts, plus
12 interest, to the State Treasurer.

13 This bill would provide that the requirement
14 that certain insurers search the death master file
15 shall apply only to life insurance policies,
16 annuity contracts, and retained asset accounts
17 issued and delivered in this state and which are
18 issued or entered into on or after January 1, 2016.

19 This bill would require each insurer who has
20 in-force life insurance policies, annuity
21 contracts, and retained asset accounts to compare
22 those items against a death master file to identify
23 potential death master file matches of its insureds
24 commencing by July 1, 2016, and completed by
25 January 1, 2019.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

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

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

22 "§27-15-51.

23 "(a) This article shall require recognition of the
24 escheat or unclaimed property statutes of Alabama as they
25 relate to the method of payment for life insurance death
26 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 "§27-15-53.

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
25 account holder against other available records and
26 information.

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

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

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

20 "(2) With respect to group life insurance, an
21 insurer is required only to confirm the possible death of an
22 insured when the insurer provides full recordkeeping services
23 to the group policyholder and maintains in the ordinary course
24 of business at least the following information of those
25 covered under a policy or certificate:

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

1 "b. Beneficiary designation information.

2 "c. Coverage eligibility.

3 "d. Benefit amount.

4 "e. Premium payment status.

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

11 "(c) An insurer shall not charge insureds, account
12 holders, or beneficiaries for any fees or costs associated
13 with a search or verification conducted pursuant to this
14 section.

15 "(d) After the insurer has completed the items
16 required in subdivision (1) of subsection (a), any benefits
17 payable under a life insurance policy, annuity contract, or a
18 retained asset account, plus any applicable accrued interest,
19 shall first be payable to the designated beneficiaries,
20 owners, or other person entitled to payment pursuant to the
21 terms of the policy or contract, and in the event the
22 beneficiaries, owners, or other person entitled to payment
23 pursuant to the terms of the policy or contract cannot be
24 found, shall escheat to the state as unclaimed property in
25 accordance with the provisions of Article 2A, Chapter 12 of
26 Title 35. Nothing in this section shall be deemed to change

1 the terms of any contract or policy concerning contestability
2 or requiring the submission of due proof of loss.

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

8 "(1) A positive death master file match has
9 occurred.

10 "(2) A life insurance policy or annuity contract
11 beneficiary or retained asset account holder has not submitted
12 a claim with the insurer.

13 "(3) The insurer has complied with subsection (a)
14 and has been unable, after commercially reasonable efforts
15 documented by the insurer, to contact the retained asset
16 account holder, beneficiary, beneficiaries, or other person
17 entitled to payment pursuant to the terms of the policy or
18 contract.

19 "(f) Upon such notice, an insurer shall submit the
20 unclaimed life insurance or annuity death benefits, or
21 unclaimed retained asset accounts, plus any applicable accrued
22 interest, to the State Treasurer, pursuant to Section
23 35-12-77."

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