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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2013

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A N A C T

RELATING TO INSURANCE -- UNCLAIMED LIFE INSURANCE BENEFITS ACT

Introduced By: Representatives Kennedy, San Bento, Valencia, Naughton, and O'Grady

Date Introduced: February 14, 2013

Referred To: House Corporations

It is enacted by the General Assembly as follows:

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

3 CHAPTER 77

4 UNCLAIMED LIFE INSURANCE BENEFITS ACT

5 **27-77-1. Short title. --** This chapter shall be known as and may be cited as the
6 "Unclaimed Life Insurance Benefits Act".

7 **27-77-2. 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 **27-77-3. 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 any policy or certificate of life insurance that provides a death

1 benefit under an employee benefit plan:

2 (i) Subject to the employee retirement income security act of 1974 [29 USC 1002], as
3 periodically amended; or

4 (ii) Under any Federal employee benefit program; or

5 (iii) Any policy or certificate of life insurance that is used to fund a preneed funeral
6 contract or prearrangement; or

7 (iv) Any policy or certificate of credit life or accidental death insurance.

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

12 **27-77-4. Insurer conduct.** -- (a) An insurer shall perform a comparison of its insureds'
13 in-force life insurance policies and retained asset accounts against a death master file, on at least a
14 semi-annual basis, to identify potential matches of its insureds. For those potential matches
15 identified as a result of a death master file match, the insurer shall:

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

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

20 (ii) Determine whether benefits are due in accordance with the applicable policy or
21 contract. If the insurer determines that benefits are due in accordance with the applicable policy
22 or contract, the insurer shall:

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

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

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

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

32 (2) Beneficiary designation information;

33 (3) Coverage eligibility;

34 (4) Benefit amount; and

1 (5) Premium payment status.

2 (c) To the extent permitted by law, the insurer may disclose minimum necessary personal
3 information about the insured or beneficiary to a person who the insurer reasonably believes may
4 be able to assist the insurer locate the beneficiary or a person otherwise entitled to payment of the
5 claims proceeds.

6 (d) An insurer or its service provider shall not charge insureds, account holders, or
7 beneficiaries for any fees or costs associated with a search or verification conducted pursuant to
8 this section.

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

14 **27-77-5. Notification to department of business regulation.** -- (a) An insurer shall
15 notify the department of business regulation, insurance regulation division or the appropriate
16 successor division, upon the expiration of the statutory time period for escheat that:

17 (1) A life insurance policy beneficiary or retained asset account holder has not submitted
18 a claim with the insurer; and

19 (2) The insurer has complied with all provisions of section 27-77-4 and has been unable,
20 after good faith efforts documented by the insurer, to contact the retained asset account holder,
21 beneficiary or beneficiaries.

22 (b) Upon such notice, an insurer shall immediately submit the unclaimed life insurance
23 benefits or unclaimed retained asset accounts, plus any applicable accrued interest, to the general
24 treasurer's office.

25 **27-77-6. Unfair trade practices.** -- A violation of this chapter shall be considered an
26 unfair trade practice pursuant to state law and subject to the penalties provided by state law,
27 including, but not limited to, the provisions of chapter 6-13.1 ("Deceptive trade practices").

28 SECTION 2. This act shall take effect upon passage.

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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 place an
2 affirmative duty on 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 upon passage.

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