



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 issued for delivery in this state against  
14 a death master file, on at least a semi-annual basis, to identify potential matches of its insureds.  
15 After the initial comparison, an insurer shall perform a comparison of the insurer's in-force life  
16 insurance policies against the revised death master file, on at least a semi-annual basis, to  
17 indentify the potential matches of the insurer's insureds. For those potential matches identified as  
18 a result of a death master file match, the insurer shall:

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

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

23 (ii) Review its records to determine whether the deceased insured or retained asset  
24 account holder had purchased any other products with the insurer; and

25 (iii) Determine whether benefits are due in accordance with the applicable policy or  
26 contract. If the insurer determines that benefits are due in accordance with the applicable policy  
27 or contract, the insurer shall:

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

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

33 (b) An insurer shall implement procedures to account for:

34 (1) Common nicknames, initials used in lieu of a first or middle name, use of a middle

1 name, compound first and middle names, and interchanged first and middle names;  
2 (2) Compound last names, maiden or married names, and hyphens, blank spaces or  
3 apostrophes in last names;  
4 (3) Transposition of the "month" and "date" portions of the date of birth; and  
5 (4) Incomplete social security numbers.  
6 (c) With respect to group life insurance, insurers are required to confirm the possible  
7 death of an insured when the insurers maintain at least the following information of those covered  
8 under a policy or certificate:  
9 (1) Social Security number or name and date of birth;  
10 (2) Beneficiary designation information;  
11 (3) Coverage eligibility;  
12 (4) Benefit amount; and  
13 (5) Premium payment status.  
14 (d) To the extent permitted by law, the insurer may disclose minimum necessary personal  
15 information about the insured or beneficiary to a person who the insurer reasonably believes may  
16 be able to assist the insurer locate the beneficiary or a person otherwise entitled to payment of the  
17 claims proceeds.  
18 (e) An insurer or its service provider shall not charge insureds, account holders, or  
19 beneficiaries for any fees or costs associated with a search or verification conducted pursuant to  
20 this section.  
21 (f) The benefits from a life insurance policy or a retained asset account, plus any  
22 applicable accrued interest shall first be payable to the designated beneficiaries or owners, and in  
23 the event said beneficiaries or owners cannot be found, shall escheat to the state as unclaimed  
24 property pursuant to the applicable state law, including, but not limited to, chapter 33-21.1  
25 ("Unclaimed tangible and intangible property").  
26 (g) Nothing in this chapter shall be construed to limit the responsibility of an insurer with  
27 respect to requirements of chapter 33-21.1-7 ("Funds owing under life insurance policies") or  
28 absolve the insurer of penalties enumerated in section 33-21.1-34 ("Interest and penalties") for  
29 failure to comply.  
30 (h) In the event that any resolution agreement or a voluntary disclosure agreement  
31 between an insurer and the state's unclaimed property administrator conflicts with this chapter,  
32 the terms of the agreement shall supersede this chapter.  
33 (i) The commissioner may, in his or her reasonable discretion, make an order:  
34 (1) Limiting an insurer's death master file comparisons required under section 27-77-4 to

1 [the insurer's electronically searchable files or approving a plan and timeline for conversion of the](#)  
2 [insurer's files to electronic searchable files;](#)

3 [\(2\) Exempting an insurer from the death master file comparisons required under section](#)  
4 [27-77-4 or permitting an insurer to perform such comparisons less frequently than semi-annually](#)  
5 [upon a demonstration of financial hardship by the insurer; or](#)

6 [\(3\) Phasing-in compliance with this section according to a plan and timeline approved by](#)  
7 [the commissioner.](#)

8 **27-77-5. Penalties.** -- [A violation of this chapter shall subject the insurer to penalties as](#)  
9 [determined appropriate in accordance with section 42-14-16 \("Insurance Administrative](#)  
10 [Penalties"\).](#)

11 SECTION 2. This act shall take effect on January 1, 2014.

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LC01266/SUB A  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO INSURANCE -- UNCLAIMED LIFE INSURANCE BENEFITS ACT

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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 on January 1, 2014.

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LC01266/SUB A  
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