

2014 -- S 2056

=====  
LC003184  
=====

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2014

—————  
A N A C T

RELATING TO INSURANCE - UNCLAIMED LIFE INSURANCE BENEFITS

Introduced By: Senator Roger Picard

Date Introduced: January 21, 2014

Referred To: Senate Commerce

It is enacted by the General Assembly as follows:

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

3 CHAPTER 4.01

4 UNCLAIMED LIFE INSURANCE BENEFITS ACT

5 **27-4.01-1. Short Title.** – This chapter shall be known and may be cited as the  
6 “Unclaimed Life Insurance Benefits Act.”

7 **27-4.01-2. Purpose.** – This chapter shall require recognition of the escheat or unclaimed  
8 property laws of the state of Rhode Island and require the complete and proper disclosure,  
9 transparency, and accountability relating to any method of payment for life insurance death  
10 benefits regulated by the state’s insurance department; provided, however, neither the insurance  
11 commissioner nor the treasurer of this state shall promulgate regulations or issue bulletins that  
12 impose, or interpret this chapter to impose additional duties and obligations on insurers, beyond  
13 those set forth in this chapter, or otherwise attempt to expand the requirements of this chapter.

14 **27-4.01-3. Definitions.** –

15 (1) “Account Owner” means the owner of a retained asset account who is a resident of  
16 this state.

17 (2) “Annuity” means an annuity contract issued in this state. The term “annuity” shall not  
18 include any annuity contract used to fund an employment-based retirement plan or program  
19 where the insurer takes direction from the plan sponsor and plan administrator.

1 (3) “Asymmetric Conduct” means an insurer’s use of a death master file in connection  
2 with its annuities, but not in connection with its policies.

3 (4) “Death master file” means the United States social security administration’s death  
4 master file or any other database or service that is at least as comprehensive as the United States  
5 social security administration’s death master file for determining that a person has reportedly  
6 died.

7 (5) “Death master file match” means a search of the death master file that results in a  
8 match of a person’s name and social security number, or the name and date of birth.

9 (6) “Insurer” means a life insurance company as defined under chapters 27-1 and 27-2.

10 (7) “Knowledge of Death” shall, for purposes of this chapter and § 33-21.1-1, mean:

11 (i) Receipt of an original or valid copy of a certified death certificate; or

12 (ii) A death master file match validated by a secondary source by the insurer.

13 (8) “Person” means the policy owner, insured, annuitant, or account owner, as applicable  
14 under the policy, annuity, or retained asset account subject to this chapter.

15 (9) “Policy” means any policy or certificate of life insurance issued in this state. The term  
16 “policy” shall not include: (i) Any policy or certificate of life insurance that provides a death  
17 benefit under an employee benefit plan subject to the employee retirement income security act of  
18 1974 (29 USC 1002), as periodically amended, or under any federal employee benefit program;  
19 (ii) Any policy or certificate of life insurance that is used to fund a preneed funeral contract or  
20 prearrangement; (iii) Any policy or certificate of credit life or accidental death insurance; or (iv)  
21 Any policy issued to a group master policyholder for which the insurer does not provide record  
22 keeping services.

23 (10) “Record Keeping Services” means those circumstances under which the insurer has  
24 agreed with a group policy holder to be responsible for obtaining, maintaining and administering  
25 in its own systems information about each individual insured under an insured’s group insurance  
26 contract (or a line of coverage thereunder), at least the following information:

27 (i) Social security number or name and date of birth;

28 (ii) Beneficiary designation information;

29 (iii) Coverage eligibility;

30 (iv) Benefit amount; and

31 (v) Premium payment status.

32 **27-4.01-4. Insurer Conduct.** – (a) An insurer shall perform a comparison of its in-force  
33 policies, annuities and retained asset accounts issued in this state against a death master file, on at  
34 least a semi-annual basis, to identify potential death master file matches.

1           (1) An insurer may comply with the requirements of this section by using the full death  
2 master file once annually and using the death master file update files for the remaining  
3 comparisons in that year.

4           (2) Nothing in this section shall limit the insurer from requesting a valid death certificate  
5 as part of any claims validation process.

6           (b) If an insurer learns of the possible death of a person, through a death master file  
7 match or otherwise, then the insurer shall within ninety (90) days:

8           (1) Complete a good faith effort, which shall be documented by the insurer, to confirm  
9 the death of the person against other available records and information;

10          (2) Review its records to determine whether the deceased person had purchased any other  
11 products with the insurer;

12          (3) Determine whether benefits may be due in accordance with any applicable policy,  
13 annuity or retained asset account; and

14          (4) If the beneficiary or other authorized representative has not communicated with the  
15 insurer within the ninety (90) day period, take reasonable steps, which shall be documented by  
16 the insurer, to locate and contact the beneficiary or beneficiaries or other authorized  
17 representative on any such policy, annuity or retained asset account, including, but not limited to,  
18 sending the beneficiary information regarding the insurer's claims process, including the need to  
19 provide an official death certificate if applicable under the policy, annuity or retained asset  
20 account.

21          (5) In the event the insurer is unable to confirm the death of a person following a death  
22 master file match, an insurer may consider such policy, annuity or retained asset account to be in-  
23 force in accordance with its terms.

24          (c) An insurer that has not engaged in asymmetric conduct shall not be required to do the  
25 comparison under this section or take the steps described in this section with respect to policies,  
26 annuities or retained asset accounts issued and delivered prior to the effective date of this act.

27          (d) To the extent permitted by law, an insurer may disclose minimum necessary personal  
28 information about a person or beneficiary to a person who the insurer reasonably believes may be  
29 able to assist the insurer in locating the beneficiary or a person otherwise entitled to payment of  
30 the claims proceeds.

31          (e) An insurer or its service provider shall not charge any beneficiary or other authorized  
32 representative for any fees or costs associated with a death master file search or verification of a  
33 death master file match conducted pursuant to this section.

34          (f) The benefits from a policy, annuity or retained asset account, plus any applicable

1 accrued contractual interest shall first be payable to the designated beneficiaries or owners and in  
2 the event said beneficiaries or owners cannot be found, shall escheat to the state as unclaimed  
3 property pursuant to § 33-2.1-7(a). Interest payable under § 27-4-26 shall not be payable as  
4 unclaimed property under § 33-21.1-7(a).

5 (g) The insurance commissioner may adopt such rules and regulations as may be  
6 reasonably necessary to implement the provisions of this section.

7 (h) The insurance commissioner may, in his or her reasonable discretion, make an order:

8 (1) Limiting an insurer's death master file comparisons required under § 27-4.01(2) to the  
9 insurer's electronic searchable files or approving a plan and timeline for conversion of the  
10 insurer's files to electronic searchable files;

11 (2) Exempting an insurer from the death master file comparisons required under § 27-  
12 4.01(a) or permitting an insurer to perform such comparisons less frequently than semi-annually  
13 upon a demonstration of financial hardship by the insurer; or

14 (3) Phasing-in compliance with this section according to a plan timeline approved by the  
15 commissioner.

16 (i) Failure to meet any requirement of this section with such frequency as to constitute a  
17 general business practice is a violation of § 6-13.1-1. Nothing herein shall be construed to create  
18 or imply a private cause of action for a violation of this section. deee.

19 **27-4.01-5. Insurer Unclaimed Property Reporting. –**

20 In the event that an insurer: (1) Has identified a person as deceased through a death  
21 master file match through a search described in §27-4.01(a) above or other information source;

22 (2) Has validated such information through a secondary information source; and

23 (3) Is unable to locate a beneficiary located in Rhode Island under the policy, annuity or  
24 retained asset account after conducting reasonable search efforts during the period of up to one  
25 year after the insurer's validation of the death master file match, or if no beneficiary, if the  
26 person, as applicable for unclaimed reporting purposes, has a last known address in this state,  
27 then the insurer is authorized to report and remit proceeds of such policy, annuity or retained  
28 asset account due to the state on an early reporting basis, without further notice or consent by the  
29 state, after attempting to contact such beneficiary pursuant to the provisions of chapter 21.1 of  
30 title 33. Once reported and proceeds remitted, the insurer shall be relieved and indemnified from  
31 any and all additional liability to any person relating to the proceeds reported and remitted,  
32 including, but not limited to, any liability under the provisions of chapter 21.1 of title 33 for all  
33 proceeds reported and remitted to the state pursuant to this section. This indemnification from  
34 liability shall be in addition to any other protections provided by law.

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

=====  
LC003184  
=====

EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO INSURANCE - UNCLAIMED LIFE INSURANCE BENEFITS

\*\*\*

1           This act would require recognition of the escheat or unclaimed property statutes of the  
2 state of Rhode Island and require the complete and proper disclosure, transparency, and  
3 accountability relating to any method of payment for life insurance death benefits.

4           This act would take effect upon passage.

=====  
LC003184

=====