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Introduced by Representatives Botzow of Pownal, Kitzmiller of Montpelier,
and Marcotte of Coventry

Referred to Committee on

Date:

Subject: Insurance; life; unclaimed benefits; death master file

Statement of purpose of bill as introduced: This bill proposes to facilitate the
payment of life insurance benefits.

An act relating to unclaimed life insurance benefits

Sec. 1. 27 V.S.A. § 1244a is added to read:

§ 1244a. UNCLAIMED LIFE INSURANCE BENEFITS

(a) As used in this section:

(1) "Contract" means an annuity contract. It shall not include an annuity
used to fund an employment-based retirement plan or program in which the
insurance company is not committed by terms of the annuity contract to pay
death benefits to the beneficiaries of specific plan participants.

(2) "Death Master File" means the U.S. Social Security
Administration's Death Master File or any other database or service that is at
least as comprehensive as the Death Master File for determining that a person
has reportedly died.

1 (3) “Death Master File Match” or “match” means a search of the Death
2 Master File that results in a match between a person on the Death Master File
3 and the Social Security Number or name and date of birth of an insured,
4 annuity owner, or retained asset account holder.

5 (4) “Insurance” shall have the same meaning as in 8 V.S.A. § 3301a.

6 (5) “Life insurance” shall have the same meaning as in 8 V.S.A. § 3301.

7 (6) “Policy” means any policy or certificate of life insurance that
8 provides a death benefit. It shall not include any policy or certificate of life
9 insurance that provides a death benefit under:

10 (A) an employee benefit plan:

11 (i) subject to the Employee Retirement Income Security Act of
12 1974, 29 U.S.C. § 1002, as may be amended; or

13 (ii) under any federal employee benefit program;

14 (B) any policy or certificate of life insurance used to fund a preneed
15 funeral contract or prearrangement; or

16 (C) any policy or certificate of credit life or accidental death
17 insurance.

18 (b) An insurance company shall perform a comparison of its insureds’
19 in-force life insurance policies and retained asset accounts against a Death
20 Master File, on at least a semiannual basis, to identify potential matches. For
21 those potential matches, the insurance company shall:

1 (1) within 90 days of identifying the match:

2 (A) complete a good faith effort, which shall be documented by the
3 insurance company, to confirm the death of the insured or retained asset
4 account holder against other available records and information; and

5 (B) determine whether benefits are due in accordance with the
6 applicable policy or contract; and, if benefits are due in accordance with the
7 applicable policy or contract:

8 (i) use good faith efforts, which shall be documented by the
9 insurance company, to locate the beneficiary or beneficiaries; and

10 (ii) provide the appropriate claims forms or instructions to the
11 beneficiary or beneficiaries to make a claim, including the need to provide an
12 official death certificate, if applicable under the policy or contract; and

13 (2) with respect to group life insurance, confirm the possible death of an
14 insured as required in subdivision (1) of this subsection when the insurance
15 company maintains at least the following information of those covered under a
16 policy or certificate:

17 (A) Social Security Number or name and date of birth;

18 (B) beneficiary designation information;

19 (C) coverage eligibility;

20 (D) benefit amount; and

21 (E) premium payment status.

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

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

9 (e) The benefits from a life insurance policy or a retained asset account,
10 plus any applicable interest accrued in accordance with 8 V.S.A. § 3665 shall
11 first be payable to the designated beneficiaries or owners and, in the event the
12 beneficiaries or owners cannot be found, shall escheat to the State as
13 unclaimed property under section 1247 of this chapter.

14 (f) Upon the expiration of the statutory time period for escheat, an
15 insurance company shall notify the Vermont State Treasurer that:

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

18 (2) the insurance company has complied with subsection (b) of this
19 section and has been unable, after good faith efforts documented by the
20 insurance company, to contact the retained asset account holder, beneficiary, or
21 beneficiaries.

1 (g) Upon such notice, an insurance company shall immediately submit the
2 unclaimed life insurance benefits or unclaimed retained asset accounts, plus
3 any applicable accrued interest, to the Vermont State Treasurer.

4 (h) Failure to meet any requirement of this act with such frequency as to
5 indicate a business practice is a violation of 8 V.S.A. chapter 129 and shall be
6 subject to the powers and penalties of the Commissioner of Financial
7 Regulation under Title 8.

8 Sec. 2. EFFECTIVE DATE

9 This act shall take effect on passage.