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H.95

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

It is hereby enacted by the General Assembly of the State of Vermont:

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

1 ~~least as comprehensive as the Death Master File for determining that a person~~
2 has reportedly died.

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

7 (4) "Insurance" shall have the same meaning as in 8 V.S.A. § 3301a.

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

9 (6) "Policy" means any policy or certificate of life insurance that
10 provides a death benefit. It shall not include any policy or certificate of life
11 insurance that provides a death benefit under:

12 (A) an employee benefit plan:

13 (i) subject to the Employee Retirement Income Security Act of
14 1974, 29 U.S.C. § 1002, as may be amended; or

15 (ii) under any federal employee benefit program;

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

18 (C) any policy or certificate of credit life or accidental death
19 insurance.

20 (b) An insurance company shall perform a comparison of its insureds'
21 in-force life insurance policies and retained asset accounts against a Death

1 ~~Master File, on at least a semiannual basis, to identify potential matches. For~~
2 those potential matches, the insurance company shall:

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

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

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

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

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

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

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

20 (B) beneficiary designation information;

21 (C) coverage eligibility;

1 ~~(D) benefit amount; and~~

2 ~~(E) premium payment status.~~

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

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

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

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

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

20 ~~(2) the insurance company has complied with subsection (b) of this~~
21 ~~section and has been unable, after good faith efforts documented by the~~

1 ~~insurance company, to contact the retained asset account holder, beneficiary, or~~
2 ~~beneficiaries.~~

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

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

10 Sec. 2. EFFECTIVE DATE

11 ~~This act shall take effect on passage.~~

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.

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

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

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

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

(A) an employee benefit plan:

(i) subject to the Employee Retirement Income Security Act of 1974, Pub.L. No. 93-406, as may be amended; or

(ii) under any federal employee benefit program;

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

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

(b) An insurance company shall perform a comparison of its insureds’ in-force life insurance policies, contracts, and retained asset accounts against

a Death Master File, on at least a semiannual basis, to identify potential matches. An insurance company may use the full Death Master File once annually and the Death Master File Update Files for the remaining comparisons in the year. For those potential matches, the insurance company shall:

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

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

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

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

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

(1) within 90 days of identifying the match:

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

(B) review its records to determine whether the deceased insured has purchased any other products with the insurance company; and

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

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

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

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

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

(B) beneficiary designation information;

(C) coverage eligibility;

(D) benefit amount; and

(E) premium payment status.

(c) To the extent permitted by law, the insurance company may disclose minimum necessary personal information about the insured or beneficiary to a

person who the insurance company reasonably believes may be able to assist the insurance company locate the beneficiary or a person otherwise entitled to payment of claims proceeds.

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

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

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

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

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

(g) Upon such notice, an insurance company shall immediately submit the unclaimed life insurance or annuity death benefits or unclaimed retained asset

accounts, plus any applicable accrued interest, to the Vermont State
Treasurer.

(h) The Vermont State Treasurer shall notify the Commissioner of
Financial Regulation if he or she has reason to believe an insurance company
has failed to meet any requirement of this act. The Commissioner shall
determine whether such failure constitutes an unfair claim settlement practice
under 8 V.S.A. § 4724(9).

Sec. 2. EFFECTIVE DATE; RETROACTIVE APPLICATION

~~This act shall take effect on passage and, notwithstanding 1 V.S.A. § 214(b),
shall apply to all life insurance policies, annuity contracts, and retained asset
accounts in force on or after the effective date.~~

Sec. 2. EFFECTIVE DATE; APPLICATION

This act shall take effect on July 1, 2013 and, notwithstanding 1 V.S.A.
§ 214(b), shall apply to all life insurance policies, annuity contracts, and
retained asset accounts in force on or after the effective date.