

SENATE BILL No. 220

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-2-23.

Synopsis: Unclaimed life insurance benefits. Specifies requirements for an insurer with respect to payment of proceeds of a life insurance policy, annuity, or retained asset account. Provides for payment of unclaimed proceeds in accordance with the unclaimed property law.

Effective: July 1, 2014.

Holdman

January 9, 2014, read first time and referred to Committee on Insurance.



Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

SENATE BILL No. 220

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-2-23 IS ADDED TO THE INDIANA CODE AS
- 2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2014]:
- 4 **Chapter 23. Unclaimed Life Insurance Benefits**
- 5 **Sec. 1. This chapter applies after June 30, 2015.**
- 6 **Sec. 2. Except as provided in this chapter, the definitions in**
- 7 **IC 27-2-22 apply throughout this chapter.**
- 8 **Sec. 3. As used in this chapter, "account owner" means an**
- 9 **Indiana resident who is the owner of a retained asset account.**
- 10 **Sec. 4. (a) As used in this chapter, "annuity" refers to an**
- 11 **annuity contract issued in Indiana.**
- 12 **(b) The term does not include an annuity contract used to fund**
- 13 **an employment based retirement plan, the sponsor or**
- 14 **administrator of which directs the insurer that issues the annuity**
- 15 **contract.**
- 16 **Sec. 5. As used in this chapter, "death master file" refers to:**



1 (1) the federal Social Security Administration's Death Master
2 File; or

3 (2) another data source that, for the purpose of determining
4 that a person is reported to have died, is at least as
5 comprehensive as the federal Social Security Administration's
6 Death Master File.

7 Sec. 6. As used in this chapter, "death master file match" means
8 the result of a search of a death master file that indicates a match
9 of a person's name with the person's:

10 (1) Social Security number; or

11 (2) date of birth.

12 Sec. 7. As used in this chapter, "knowledge of death" means one
13 (1) of the following:

14 (1) Receipt of a certified original or copy of a death certificate
15 of a person.

16 (2) A death master file match that an insurer has validated
17 with a secondary source.

18 Sec. 8. As used in this chapter, "person" refers to a policy
19 owner, insured, annuity owner, annuitant, or retained asset
20 account owner.

21 Sec. 9. (a) As used in this chapter, "policy" means a policy or
22 certificate issued in Indiana that provides the kind of insurance
23 described in Class 1 of IC 27-1-5-1.

24 (b) The term does not include the following:

25 (1) A policy or certificate that provides a death benefit under:

26 (A) an employee benefit plan that is subject to the federal
27 Employee Retirement Income Security Act of 1974 (29
28 U.S.C. 1001 et seq.); or

29 (B) a federal employee benefit program.

30 (2) A policy or certificate that is used to fund a preneed
31 funeral contract or prearrangement.

32 (3) A policy or certificate of credit life or accidental death
33 insurance.

34 (4) A policy issued to a group policy owner for which the
35 insurer does not provide record keeping services.

36 Sec. 10. As used in this chapter, "record keeping services"
37 means an insurer's responsibility, under an agreement with a
38 group policy owner, to obtain, maintain, and administer in the
39 insurer's system information concerning each individual insured
40 under a group policy (or a line of coverage under a group policy),
41 including at least the following:

42 (1) The individual's Social Security number and date of birth



- 1 or name and date of birth.
- 2 (2) The individual's beneficiary designation information.
- 3 (3) The individual's eligibility for coverage.
- 4 (4) The individual's benefit amount.
- 5 (5) The individual's premium payment status.
- 6 Sec. 11. (a) An insurer shall, at least every six (6) months,
- 7 perform a comparison of in-force policies, annuities, and retained
- 8 asset accounts issued by the insurer in Indiana against a death
- 9 master file to identify potential death master file matches.
- 10 (b) An insurer that performs a comparison under subsection (a)
- 11 using:
- 12 (1) a complete death master file one (1) time per year; and
- 13 (2) only the update files of the death master file used under
- 14 subdivision (1) for additional comparisons during the twelve
- 15 (12) months after the comparison under subdivision (1);
- 16 is considered to be compliant with subsection (a).
- 17 (c) This section does not prevent an insurer from requesting a
- 18 certified original or copy of a death certificate as a part of a claim
- 19 validation process.
- 20 Sec. 12. An insurer shall, not later than ninety (90) days after
- 21 learning of the possible death of a person, do the following:
- 22 (1) Complete and document a good faith effort to confirm the
- 23 death of the person against other available records and
- 24 information.
- 25 (2) Review the insurer's records to determine whether the
- 26 person had purchased any other products from the insurer.
- 27 (3) Determine whether benefits may be due under a policy,
- 28 annuity, or retained asset account.
- 29 (4) If the beneficiary or authorized representative under a
- 30 policy, annuity, or retained asset account has not
- 31 communicated with the insurer before the expiration of the
- 32 ninety (90) day period, complete and document a good faith
- 33 effort to locate and contact the beneficiary or authorized
- 34 representative, including sending to the beneficiary or
- 35 authorized representative information concerning the:
- 36 (A) insurer's claim process; and
- 37 (B) need to provide a certified original or copy of the death
- 38 certificate, if applicable under the policy, annuity, or
- 39 retained asset account.
- 40 Sec. 13. An insurer shall implement procedures to account for
- 41 the following in complying with the requirements of this chapter:
- 42 (1) Common nicknames, initials used instead of a first or



1 middle name, use of a middle name, compound first and
2 middle names, and interchanged first and middle names.

3 (2) Compound last names, maiden or married names, and
4 hyphens, blank spaces, or apostrophes in last names.

5 (3) Transposition of the month and date parts of the date of
6 birth.

7 (4) Incomplete Social Security number.

8 Sec. 14. An insurer may, to the extent permitted by law, disclose
9 the minimum necessary personal information about a person or a
10 beneficiary to an individual or entity reasonably believed by the
11 insurer to possess the ability to assist the insurer in locating the
12 beneficiary or another individual or entity that is entitled to
13 payment of the claim proceeds.

14 Sec. 15. An insurer, and an entity providing services to an
15 insurer, shall not charge a beneficiary or authorized representative
16 a fee or cost associated with:

17 (1) a death master file search; or

18 (2) verification of a death master file match;

19 conducted under this chapter.

20 Sec. 16. (a) The benefit of a policy, annuity, or retained asset
21 account, plus accrued interest applicable under the policy, annuity,
22 or retained asset account, is first payable to designated
23 beneficiaries or policy owners, annuity owners, or account owners.

24 (b) If beneficiaries or policy owners, annuity owners, or account
25 owners cannot be found, the benefit of the policy, annuity, or
26 retained asset account (not including applicable accrued interest)
27 escheat to the state as unclaimed property under IC 32-34-1.

28 Sec. 17. The commissioner may do the following:

29 (1) Either:

30 (A) limit an insurer's death master file comparisons
31 required by section 11 of this chapter to the insurer's
32 electronic searchable files; or

33 (B) approve a plan and time period for conversion of an
34 insurer's files to electronic searchable files.

35 (2) Either:

36 (A) exempt an insurer from the death master file
37 comparisons required by section 11 of this chapter; or

38 (B) upon demonstration of financial hardship by the
39 insurer, permit an insurer to perform the death master file
40 comparisons less frequently than required by section 11 of
41 this chapter.

42 (3) Allow an insurer to begin compliance with this chapter



- 1 according to a plan and time period approved by the
2 commissioner.
- 3 **Sec. 18. (a) With respect to a policy, an annuity, or a retained**
4 **asset account for which an insurer has knowledge of death:**
- 5 **(1) if:**
- 6 **(A) within one (1) year after the insurer has obtained the**
7 **knowledge of death, the insurer:**
- 8 **(i) conducts reasonable search efforts; and**
9 **(ii) is unable to locate in Indiana a beneficiary under the**
10 **policy, annuity, or retained asset account; or**
- 11 **(B) no beneficiary was named and the person, for purposes**
12 **of IC 32-34-1, had a last known address in Indiana; and**
- 13 **(2) the insurer has, without success, attempted to make the**
14 **contacts required by and in accordance with IC 32-34-1;**
15 **the insurer may, without further notice to or consent by the state,**
16 **report and remit the proceeds of the policy, annuity, or retained**
17 **asset account to the state on an early reporting basis in accordance**
18 **with IC 32-34-1.**
- 19 **(b) After a report and remittance of proceeds described in**
20 **subsection (a), the insurer is relieved and indemnified from any**
21 **additional liability in relation to the proceeds, in accordance with**
22 **IC 32-34-1.**
- 23 **Sec. 19. An insurer's failure to comply with this chapter is an**
24 **unfair or deceptive act or practice in the business of insurance**
25 **under IC 27-4-1-4.**
- 26 **Sec. 20. The department may adopt rules under IC 4-22-2 to**
27 **implement this chapter.**

