

SENATE BILL No. 67

By Committee on Financial Institutions and Insurance

1-31

1 AN ACT concerning life insurance; establishing the unclaimed life
2 insurance benefits act.

3

4 *Be it enacted by the Legislature of the State of Kansas:*

5 Section 1. The provisions of sections 1 through 3, and amendments
6 thereto, shall be known and may be cited as the unclaimed life insurance
7 benefits act.

8 Sec. 2. As used in the unclaimed life insurance benefits act:

9 (a) "Contract" means an annuity contract. The term "contract" shall
10 not include an annuity used to fund an employment-based retirement plan
11 or program where: (1) The insurer does not perform the record-keeping
12 services; or (2) the insurer is not committed by terms of the annuity
13 contract to pay death benefits to the beneficiaries of specific plan
14 participants.

15 (b) "Death master file" means the United States social security
16 administration's death master file or any other database or service that is at
17 least as comprehensive as the United States social security administration's
18 death master file for determining that a person has reportedly died.

19 (c) "Death master file match" means a search of the death master file
20 that results in a match of the social security number or the name and date
21 of birth of an insured, annuity owner or retained asset account holder.

22 (d) "Knowledge of death" means: (1) Receipt of an original or valid
23 copy of a certified death certificate; or (2) a death master file match
24 validated by the insurer in accordance with section 3(a), and amendments
25 thereto.

26 (e) "Policy" means any policy or certificate of life insurance that
27 provides a death benefit. The term "policy" shall not include: (1) Any
28 policy or certificate of life insurance that provides a death benefit under an
29 employee benefit plan: (A) Subject to the employee retirement income
30 security act of 1974 (29 U.S.C. § 1002); or (B) under any federal
31 employee benefit program; (2) any policy or certificate of life insurance
32 that is used to fund a preneed funeral contract or prearrangement; (3) any
33 policy or certificate of credit life or accidental death insurance; or (4) any
34 policy issued to a group master policyholder for which the insurer does not
35 provide record keeping services.

36 (f) "Record keeping services" means those circumstances under

1 which the insurer has agreed with a group policy or contract customer to
2 be responsible for obtaining, maintaining and administering in its own or
3 its agents' systems information about each individual insured under an
4 insured's group insurance contract, or a line of coverage thereunder, at
5 least the following information: (1) Social security number or name and
6 date of birth; (2) beneficiary designation information; (3) coverage
7 eligibility; (4) benefit amount; and (5) premium payment status.

8 (g) "Retained asset account" means any mechanism whereby the
9 settlement of proceeds payable under a policy or contract is accomplished
10 by the insurer or an entity acting on behalf of the insurer depositing the
11 proceeds into an account with check or draft writing privileges, where
12 those proceeds are retained by the insurer or its agent, pursuant to a
13 supplementary contract not involving annuity benefits other than death
14 benefits.

15 Sec. 3. (a) An insurer shall perform a comparison of its insureds' in-
16 force policies, contracts, and retained asset accounts against a death master
17 file, on at least a semi-annual basis, by using the full death master file once
18 and thereafter using the death master file update files for future
19 comparisons to identify potential matches of its insureds. For those
20 potential matches identified as a result of a death master file match, the
21 insurer shall:

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

23 (A) Complete a good faith effort that shall be documented by the
24 insurer to confirm the death of the insured or retained asset account holder
25 against other available records and information;

26 (B) determined whether benefits are due in accordance with the
27 applicable policy or contract. If benefits are due in accordance with the
28 applicable policy or contract:

29 (i) Use good faith efforts that shall all be documented by the insurer
30 to locate the beneficiary or beneficiaries; and

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

34 (2) With respect to group life insurance, insurers shall confirm the
35 possible death of an insured when the insurers maintain at least the
36 following information of those covered under a policy or certificate: (A)
37 Social security number or name and date of birth; (B) beneficiary
38 designation information; (C) coverage eligibility; (D) benefit amount; and
39 (E) premium payment status.

40 (3) Every insurer shall implement procedures to account for:

41 (A) Common nicknames, initials used in lieu of a first or middle
42 name, use of a middle name, compound first and middle names and
43 interchanged first and middle names;

1 (B) compound last names, maiden or married names, and hyphens,
2 blank spaces or apostrophes in last names;

3 (C) transposition of the month and date portions of the date of birth;
4 and

5 (D) incomplete social security numbers.

6 (4) To the extent permitted by law, the insurer may disclose
7 minimum, necessary personal information about the insured or beneficiary
8 to a person who the insurer reasonably believes may be able to assist the
9 insurer locate the beneficiary or a person otherwise entitled to payment of
10 the claims proceeds.

11 (b) An insurer or its service provider shall not charge any beneficiary
12 or other authorized representative for any fees or costs associated with a
13 death master file search or verification of a death master file match
14 conducted pursuant to this section.

15 (c) The benefits from a policy, contract or a retained asset account,
16 plus any applicable accrued contractual interest shall first be payable to the
17 designated beneficiaries or owners, and in the event the beneficiaries or
18 owners can not be found, shall escheat to the state as unclaimed property
19 pursuant to K.S.A. 58-3936, and amendments thereto. Interest payable
20 under K.S.A. 40-447, and amendments thereto, shall not be payable as
21 unclaimed property.

22 (d) An insurer shall notify the state treasurer upon the expiration of
23 the statutory time period for escheat that:

24 (1) A policy or contract beneficiary or retained asset account holder
25 has not submitted a claim with the insurer; and

26 (2) the insurer has complied with subsection (a) and has been unable,
27 after good faith efforts, documented by the insurer, to contact the retained
28 asset account holder, beneficiary or beneficiaries.

29 (e) Upon such notice, an insurer shall immediately submit the
30 unclaimed policy or contract benefits or unclaimed retained asset accounts,
31 plus any applicable accrued interest, to the state treasurer in accordance
32 with the unclaimed property act.

33 (f) Failure to meet any requirement of this section with such
34 frequency as to constitute a general business practice shall be considered
35 an unfair or deceptive act or practice under K.S.A. 40-2404, and
36 amendments thereto, and subject to the penalties contained under K.S.A.
37 40-2401 et seq., and amendments thereto. Nothing herein shall be
38 construed to create or imply a private cause of action for a violation of this
39 section.

40 Sec. 4. This act shall take effect and be in force from and after its
41 publication in the statute book.