

HOUSE No. 817

The Commonwealth of Massachusetts

PRESENTED BY:

Tackey Chan

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to unclaimed life insurance benefits.

PETITION OF:

NAME:

Tackey Chan

DISTRICT/ADDRESS:

2nd Norfolk

HOUSE No. 817

By Mr. Chan of Quincy, a petition (accompanied by bill, House, No. 817) of Tackey Chan relative to unclaimed life insurance benefits. Financial Services.

The Commonwealth of Massachusetts

In the One Hundred and Eighty-Ninth General Court
(2015-2016)

An Act relative to unclaimed life insurance benefits.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 175 of the General Laws is hereby amended by inserting after
2 section 119C the following section:-

3 119D Unclaimed Life Insurance Benefits

4 A. As used in this section, the following words shall, unless the context clearly requires
5 otherwise, have the following meanings:-

6 “Contract”, an annuity contract. The term “Contract” shall not include an annuity used to
7 fund an

8 employment-based retirement plan or program where (a) the insurer does not perform the
9 Record Keeping Services or (b) the insurer is not committed by terms of the annuity contract to
10 pay death benefits to the beneficiaries of specific plan participants.

11 "Death Master File", the United States Social Security Administration's Death Master
12 File or any other database or service that is at least as comprehensive as the United States Social
13 Security Administration's Death Master File for determining that a person has reportedly died.

14 "Death Master File Match", a search of the Death Master File that results in a match of
15 the social

16 security number or the name and date of birth of an insured, annuity owner, or retained
17 asset accountholder.

18 "Knowledge of Death", (a) receipt of an original or valid copy of a certified death
19 certificate or (b) a Death Master File Match validated by the Insurer in accordance with this
20 section.

21 "Policy", any policy or certificate of life insurance that provides a death benefit. The term
22 "Policy" shall not include (a) any policy or certificate of life insurance that provides a death
23 benefit under an employee benefit plan (1) subject to The Employee Retirement Income Security
24 Act of 1974 [29 USC 1002], as periodically amended, or (2) under any Federal employee benefit
25 program, or (b) any policy or certificate of life insurance that is used to fund a preneed funeral
26 contract or prearrangement, or (c) any policy or certificate of credit life or accidental death
27 insurance, or (iv) any policy issued to a group master policyholder for which the insurer does not
28 provide Record Keeping services.

29 "Record Keeping Services", those circumstances under which the Insurer has agreed with
30 a group Policy or Contract customer to be responsible for obtaining, maintaining and
31 administering in its own or its agents' systems information about each individual insured under
32 an Insured's group insurance contract (or a line of coverage thereunder), at least the following

33 information: (a) Social Security number or name and date of birth, and (b) beneficiary
34 designation information, (c) coverage eligibility, (d) benefit amount, and (e) premium payment
35 status.

36 “Retained Asset Account”, any mechanism whereby the settlement of proceeds payable
37 under a

38 Policy or Contract is accomplished by the insurer or an entity acting on behalf of the
39 insurer depositing the proceeds into an account with check or draft writing privileges, where
40 those proceeds are retained by the insurer or its agent, pursuant to a supplementary contract not
41 involving annuity benefits other than death benefits.

42 “Treasurer”, the treasurer and receiver general.

43 B. An insurer shall perform a comparison of its insureds’ in-force Policies, Contracts, and
44 Retained Asset Accounts against a Death Master File, on at least a semi-annual basis, by using
45 the full Death Master File once and thereafter using the Death Master File update files for future
46 comparisons to identify potential matches of its insureds. For those potential matches identified
47 as a result of a Death Master File Match, the insurer shall:

48 (a) within ninety (90) days of a Death Master File Match:(1) complete a good faith effort,
49 which shall be documented by the insurer, to confirm the death of the insured or retained asset
50 account holder against other available records and information; (2) determine whether benefits
51 are due in accordance with the applicable policy or contract, and if benefits are due in
52 accordance with the applicable policy or contract: (i) use good faith efforts, which shall be
53 documented by the insurer, to locate the beneficiary or beneficiaries; and (ii) provide the

54 appropriate claims forms or instructions to the beneficiary or beneficiaries to make a claim
55 including the need to provide an official death certificate, if applicable under the policy, contract.

56 (b). With respect to group life insurance, insurers are required to confirm the possible
57 death of an insured when the insurers maintain at least the following information of those
58 covered under a policy or certificate: (1) Social Security number or name and date of birth, and
59 (2) beneficiary designation information, (3) coverage eligibility, (4) benefit amount, and (5)
60 premium payment status.

61 (c). Every insurer shall implement procedures to account for: (1) common nicknames,
62 initials used in lieu of a first or middle name, use of a middle name, compound first and middle
63 names, and interchanged first and middle names; (2) compound last names, maiden or married
64 names, and hyphens, blank spaces or apostrophes in last names; (3) transposition of the “month”
65 and “date” portions of the date of birth; and (4) incomplete social security numbers.

66 (d). To the extent permitted by law, the insurer may disclose minimum necessary
67 personal information about the insured or beneficiary to a person who the insurer reasonably
68 believes may be able to assist the insurer locate the beneficiary or a person otherwise entitled to
69 payment of the claims proceeds.

70 An Insurer or its service provider shall not charge any beneficiary or other authorized
71 representative for any fees or costs associated with a Death Master File Search or verification of
72 a Death Master File Match conducted pursuant to this section.

73 The benefits from a Policy, Contract or a Retained Asset Account, plus any applicable
74 accrued contractual interest shall first be payable to the designated beneficiaries or owners and in
75 the event said beneficiaries or owners cannot be found, shall escheat to the state as unclaimed

76 property pursuant to Chapter 200A, section 5A. Interest payable under Section 119C shall not be
77 payable as unclaimed property under Chapter 200A, section 5A.

78 An insurer shall notify the treasurer upon the expiration of the statutory time period for
79 escheat that: (1) a Policy or Contract beneficiary or Retained Asset Account holder has not
80 submitted a claim with the insurer; and (2) the insurer has complied with this section and has
81 been unable, after good faith efforts documented by the insurer, to contact the Retained Asset
82 Account holder, beneficiary or beneficiaries

83 Upon such notice, an insurer shall immediately submit the unclaimed Policy or Contract
84 benefits or unclaimed Retained Asset Accounts, plus any applicable accrued interest, to the
85 treasurer.

86 Failure to meet any requirement of this section with such frequency as to constitute a
87 general business practice is a violation of Chapter 176D. Nothing herein shall be construed to
88 create or imply a private cause of action for a violation of this Section.

89 SECTION 2. This Act shall take effect on January 1, 2016.