



1 as the mode of settlement unless the insurer discloses such option to the beneficiary or the  
2 beneficiary's legal representative prior to the transfer of the death benefit to a retained asset  
3 account.

4 (b) A beneficiary shall be informed of his or her rights to receive a lump-sum payment of  
5 life insurance proceeds in the form of a bank check or other form of immediate full payment of  
6 benefits.

7 **27-4.9-5. Disclosure Requirements.** - (a) A complete listing and clear explanation of all  
8 of the life insurance proceeds payment options available to the beneficiary in written or electronic  
9 format shall accompany the tender of other than a lump sum payment of a life insurance death  
10 benefit.

11 (b) The use of a retained asset account shall require in the description and explanation  
12 pursuant to subsection (a) herein the following:

13 (1) The recommendation to consult a tax, investment, or other financial advisor regarding  
14 tax liability and investment options;

15 (2) The initial interest rate, when and how interest rates may change, and any dividends  
16 and other gains that may be paid or distributed to the account holder;

17 (3) The custodian of the funds or assets of the account;

18 (4) The coverage guaranteed by the Federal Deposit Insurance Corporation (FDIC), if  
19 any, and the amount of such coverage;

20 (5) The limitations, if any, on the numbers and amounts of withdrawals of funds from the  
21 account, including any minimum or maximum benefit payment amounts;

22 (6) The delays, if any, that the account holder may encounter in completing authorized  
23 transactions and the anticipated duration of such delays;

24 (7) The services provided for a fee, including a list of the fees or the method of their  
25 calculation;

26 (8) The nature and frequency of statements of account;

27 (9) The payment of some or all of the proceeds of the death benefit may be by the  
28 delivery of checks, drafts, or other instruments to access the available funds;

29 (10) The entire proceeds are available to the account holder by the use of one such check,  
30 draft, or other instrument;

31 (11) The insurer or a related party may derive income, in addition to any fees charged on  
32 the account, from the total gains received on the investment of the balance of funds in the  
33 account;

34 (12) The telephone number, address, and other contact information, including website

1 address, to obtain additional information regarding the account; and

2 (13) The following statement: "For further information, please contact the department of  
3 business regulation."

4 (c) The writings produced to satisfy the requirements of this section shall be in easy-to-  
5 understand language and bold or at least twelve (12) point type.

6 **27-4.9-6. Insurer Reporting.** – (a) Insurers shall, on an annual basis, report the  
7 following information to the insurance commissioner within the department of business  
8 regulation:

9 (1) The number and dollar balance of retained asset accounts in force at the beginning of  
10 the year;

11 (2) The number and dollar amount of retained asset accounts issued/added during the  
12 year;

13 (3) The number and dollar amount of retained asset accounts closed out/withdrawn  
14 during the year;

15 (4) The number and dollar balance of retained asset accounts in force at the end of the  
16 year;

17 (5) The investment earnings or interest credited to retained asset accounts;

18 (6) Fees and other charges assessed during the year;

19 (7) A narrative description of how the accounts are structured. The description shall  
20 include:

21 (i) All of the different interest rates paid to retained asset account holders during the  
22 reporting year and the number of times changes were made during the reporting year;

23 (ii) A list of all applicable fees charged by the reporting entity directly or indirectly  
24 associated with the retained asset accounts; and

25 (iii) Whether the retained asset accounts were the default method for satisfying life  
26 insurance claims;

27 (8) The number and balance of retained asset accounts in force at the end of the current  
28 year and prior year segregated within "aging categories" of "up to twelve (12) months," "thirteen  
29 (13) to twenty-four (24) months," "twenty-five (25) to thirty-six (36) months," "thirty-seven (37)  
30 to forty-eight (48) months," "forty-nine (49) to sixty (60) months," and over sixty (60) months;"

31 (9) The identity of any entity or financial institution that administers retained asset  
32 accounts on the insurer's behalf;

33 (10) The number and amounts of retained asset accounts that are transferred annually to  
34 the state unclaimed property funds under abandoned property laws; and

1           (11) Any other information relating to retained asset accounts as prescribed by the  
2 department of business regulation.

3           (b) An insurer shall immediately return any remaining balance held in a retained asset  
4 account to the beneficiary when the account becomes inactive. A retained asset account shall  
5 become inactive for purposes of this subsection if no funds are withdrawn from the account, and  
6 if no affirmative directive has been provided to the insurer by the beneficiary, during any  
7 continuous three (3) year period.

8           (c) All marketing materials, disclosure statements, and supplemental contract forms  
9 utilized in connection with retained asset accounts shall be filed with the state insurance  
10 department prior to their use. The commissioner shall disapprove any materials, statements, or  
11 forms submitted under this section that are consistent with section 27-4.9-5 or are otherwise  
12 untrue, deceptive, or misleading.

13           **27-4.9-7. Unfair Trade Practices.** - Failure to meet any requirement of this chapter shall  
14 be deemed to be a violation of chapter 6-13.1 (“Deceptive Trade Practices”). Provided, this shall  
15 be in addition to and not in lieu of or to the exclusion of any other applicable provisions of the  
16 general laws, including, but not limited to, chapter 27-9 (“Unfair Claims Settlement Practices  
17 Act”) and/or chapter 27-29 (“Unfair Competition and Practices”).

18           **27-4.9-8. Effective Date.** - This chapter shall apply to claims for a death benefit under  
19 any policy or certificate of life insurance subject to the insurance laws of the state where the  
20 beneficiary resides submitted on or after September 1, 2011.

21           SECTION 2. This act shall take effect upon passage.

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO INSURANCE - LIFE INSURANCE BENEFICIARIES' BILL OF RIGHTS

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- 1           This act would provide greater amounts of information and transparency for purchasers
- 2   and beneficiaries of life insurance products.
- 3           This act would take effect upon passage.

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