

1 HB126  
2 135284-1  
3 By Representative Wren  
4 RFD: Insurance  
5 First Read: 07-FEB-12  
6 PFD: 02/02/2012

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8 SYNOPSIS: This bill would establish the Unclaimed Life  
9 Insurance Benefits Act; would require the insurer  
10 to search the death master file; would require that  
11 no fee is to be charged associated with the search;  
12 would require the insurer to notify the State  
13 Treasurer; and would require the insurer to submit  
14 the unclaimed life insurance benefits or unclaimed  
15 retained asset account, plus interest to the State  
16 Treasurer.

17  
18 A BILL  
19 TO BE ENTITLED  
20 AN ACT  
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22 To establish the Unclaimed Life Insurance Benefits  
23 Act; to require the insurer to search the death master file;  
24 to require that no fee is to be charged associated with the  
25 search; to require the insurer to notify the State Treasurer;  
26 and to require the insurer to submit the unclaimed life

1 insurance benefits or unclaimed retained asset account, plus  
2 interest to the State Treasurer.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. This act shall be known and may be cited  
5 as the Unclaimed Life Insurance Benefits Act.

6 Section 2. This act shall require recognition of the  
7 escheat or unclaimed property statutes of Alabama and require  
8 the complete and proper disclosure, transparency, and  
9 accountability relating to any method of payment for life  
10 insurance death benefits regulated by the Department of  
11 Insurance.

12 Section 3. The following terms shall have the  
13 following meanings:

14 (1) CONTRACT. An annuity contract. The term contract  
15 shall not include an annuity used to fund an employment-based  
16 retirement plan or program where the insurer is not committed  
17 by terms of the annuity contract to pay death benefits to the  
18 beneficiaries of specific plan participants.

19 (2) DEATH MASTER FILE. The United States Social  
20 Security Administration's Death Master File or any other  
21 database or service that is at least as comprehensive as the  
22 United States Social Security Administration's Death Master  
23 File for determining that a person has reportedly died.

24 (3) DEATH MASTER FILE MATCH. A search of the death  
25 master file that results in a match of the Social Security  
26 number or the name and date of birth of an insured, annuity  
27 owner, or retained asset account holder.

1           (4) POLICY. Any policy or certificate of life  
2 insurance that provides a death benefit. The term policy shall  
3 not include any policy or certificate of life insurance that  
4 provides a death benefit under an employee benefit plan  
5 subject to the Employee Retirement Income Security Act of  
6 1974, 29 U.S.C. § 1002, as periodically amended, or under any  
7 federal employee benefit program.

8           Section 4. (a) An insurer shall perform a comparison  
9 of its insureds' in-force life insurance policies and retained  
10 asset accounts against a death master file, on at least a  
11 quarterly basis, using criteria reasonably designed to  
12 identify potential matches of its insureds. For those  
13 potential matches identified as a result of a death master  
14 file match, the insurer shall do all of the following:

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

16                     a. Complete a good faith effort, which shall be  
17 documented by the insurer, to confirm the death of the insured  
18 or retained asset account holder against other available  
19 records and information.

20                     b. Determine whether benefits are due in accordance  
21 with the applicable policy or contract and if benefits are due  
22 in accordance with the applicable policy or contract:

23                         1. Use good faith efforts, which shall be documented  
24 by the insurer, to locate the beneficiary or beneficiaries.

25                         2. Provide the appropriate claim forms or  
26 instructions to the beneficiary or beneficiaries to make a

1 claim including the need to provide an official death  
2 certificate, if applicable under the policy or contract.

3 (2) With respect to group life insurance, insurers  
4 shall confirm the possible death of an insured when the  
5 insurers provide full recordkeeping services to the group  
6 policy holder.

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

13 (b) An insurer shall not charge insureds, account  
14 holders, or beneficiaries for any fees or costs associated  
15 with a search or verification conducted pursuant to this  
16 section.

17 (c) The benefits from a life insurance policy or a  
18 retained asset account, plus any applicable accrued interest  
19 shall first be payable to the designated beneficiaries or  
20 owners and in the event the beneficiaries or owner cannot be  
21 found, shall escheat to the state as unclaimed property  
22 pursuant to Article 2A, Chapter 12 of Title 35 of the Code of  
23 Alabama 1975.

24 (d) An insurer shall notify the State Treasurer upon  
25 the expiration of the statutory time period for escheat of all  
26 of the following:

1                   (1) A life insurance policy beneficiary or retained  
2                   asset account holder has not submitted a claim with the  
3                   insurer.

4                   (2) The insurer has complied with subsection (a) and  
5                   has been unable, after good faith efforts documented by the  
6                   insurer, to contact the retained asset account holder,  
7                   beneficiary, or beneficiaries.

8                   (e) Upon such notice, an insurer shall immediately  
9                   submit the unclaimed life insurance benefits or unclaimed  
10                  retained asset accounts, plus any applicable accrued interest,  
11                  to the State Treasurer.

12                  Section 5. This act shall become effective on the  
13                  first day of the third month following its passage and  
14                  approval by the Governor, or its otherwise becoming law.