HOUSE DOCKET, NO. 512 FILED ON: 1/11/2019

HOUSE . . . . . No. 933

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:	DISTRICT/ADDRESS:	DATE ADDED:
Tackey Chan	*2nd Norfolk*	*1/11/2019*

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HOUSE . . . . . No. 933

By Mr. Chan of Quincy, a petition (accompanied by bill, House, No. 933) of Tackey Chan relative to unclaimed life insurance benefits. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. *505* OF 2017-2018.]

The Commonwealth of Massachusetts

In the One Hundred and Ninety-First General Court
(2019-2020)

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:

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

119D Unclaimed Life Insurance Benefits

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

"Contract", an annuity contract. The term "Contract" shall not include an annuity used to fund an employment-based retirement plan or program where (a) the insurer does not perform the Record Keeping Services or (b the insurer is not committed by terms of the annuity contract to pay death benefits to the beneficiaries of specific plan participants.

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

"Death Master File Match", a search of the Death Master File that results in a match of the social security number or the name and date of birth of an insured, annuity owner, or retained asset accountholder.

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

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

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

designation information, (c) coverage eligibility, (d) benefit amount, and (e) premium payment status.

"Retained Asset Account", any mechanism whereby the settlement of proceeds payable under a Policy or Contract is accomplished by the insurer or an entity acting on behalf of the insurer depositing the proceeds into an account with check or draft writing privileges, where those proceeds are retained by the insurer or its agent, pursuant to a supplementary contract not involving annuity benefits other than death benefits.

"Treasurer", the treasurer and receiver general.

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

(a) within ninety (90) days of a Death Master File Match:(1) complete a good faith effort, which shall be documented by the insurer, to confirm the death of the insured or retained asset account holder against other available records and information; (2) determine whether benefits are due in accordance with the applicable policy or contract, and if benefits are due in accordance with the applicable policy or contract: (i) use good faith efforts, which shall be documented by the insurer, to locate the beneficiary or beneficiaries; and (ii) provide the appropriate claims forms or instructions to the beneficiary or beneficiaries to make a claim including the need to provide an official death certificate, if applicable under the policy, contract.

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

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

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

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

The benefits from a Policy, Contract or a Retained Asset Account, plus any applicable accrued contractual interest shall first be payable to the designated beneficiaries or owners and in the event said beneficiaries or owners cannot be found, shall escheat to the state as unclaimed property pursuant to Chapter 200A, section 5A. Interest payable under Section 119C shall not be payable as unclaimed property under Chapter 200A, section 5A.

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

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

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

SECTION 2. This Act shall take effect on January 1, 2021.