

Regular Session, 2014

HOUSE BILL NO. 411

BY REPRESENTATIVE CROMER

INSURANCE/LIFE: Provides relative to unclaimed life insurance benefits

1 AN ACT

2 To enact Subpart A-1 of Part II of Chapter 4 of Title 22 of the Louisiana Revised Statutes  
3 of 1950, to be comprised of R.S. 22:921 through 927, relative to unclaimed life  
4 insurance benefits; to require life insurers to periodically compare in-force life  
5 insurance policies, annuities, and retained asset accounts against a Death Master List  
6 for potential matches; to require life insurers to confirm the death of a potential  
7 match and notify the beneficiary or owner and pay the beneficiary the benefits; to  
8 allow life insurers to remit unclaimed benefits to the state treasurer; and to provide  
9 for related matters.

10 Be it enacted by the Legislature of Louisiana:

11 Section 1. Subpart A-1 of Part II of Chapter 4 of Title 22 of the Louisiana Revised  
12 Statutes of 1950, comprised of R.S. 22:921 through 927, is hereby enacted to read as  
13 follows:

14 SUBPART A-1. UNCLAIMED LIFE INSURANCE BENEFITS

15 §921. Short title

16 This Subpart shall be known and may be cited as the "Unclaimed Life  
17 Insurance Benefits Act".

18 §922. Construction with other law

19 A. This Subpart shall be construed to require the complete and proper  
20 disclosure, transparency, and accountability relating to any method of payment for  
21 life insurance death benefits regulated by the Department of Insurance; provided,

1 however, the commissioner of insurance shall not promulgate rules to impose  
2 additional duties or obligations on insurers beyond those set forth in this Subpart, or  
3 otherwise attempt to expand the requirements of this Subpart.

4 B. Nothing in this Subpart shall be construed to supersede the Uniform  
5 Disposition of Unclaimed Property Act, R.S. 9:151 et seq.

6 §923. Definitions

7 As used in this Subpart, the following definitions shall be applicable:

8 (1) "Account owner" means the owner of a retained asset account who is a  
9 resident of this state.

10 (2) "Annuity" means any annuity contract other than an annuity used to fund  
11 an employment-based retirement plan or program where the insurer is not committed  
12 by the terms of the annuity contract to pay death benefits to the beneficiaries of  
13 specific plan participants.

14 (3) "Asymmetric conduct" means an insurer's use of the Death Master File  
15 prior to August 1, 2014, in connection with searching for information regarding  
16 whether the annuitants under the insurer's annuities might be deceased, but not in  
17 connection with whether the insureds under its policies might be deceased.

18 (4) "Beneficiary" means a person entitled to benefits under a policy or  
19 annuity.

20 (5) "DMF" means the Death Master File from the United States Social  
21 Security Administration or any other database or service that is at least as inclusive  
22 as the Death Master File for determining that a person has reportedly died.

23 (6) "DMF match" means a search of a DMF that results in a match of the  
24 social security number or the name and date of birth of an insured, annuity owner,  
25 or retained asset account holder.

26 (7) "Insurer" means any insurance company authorized to transact life  
27 insurance business in this state.

1           (8) "Person" means the policy owner, insured, annuity owner, annuitant, or  
2           account owner, as applicable under the policy, annuity, or retained asset account  
3           subject to the provisions of this Subpart.

4           (9) "Policy" means any policy or certificate of life insurance issued in this  
5           state, but does not include any policy or certificate of life insurance that provides a  
6           death benefit under any of the following:

7           (a) An employee benefit plan subject to the Employee Retirement Income  
8           Security Act of 1974, as periodically amended, compiled at 29 U.S.C. 1002 et seq.

9           (b) Any federal employee benefit program.

10          (c) Government plans or church plans in the Employee Retirement Income  
11          Security Act as periodically amended and compiled at 29 U.S.C. 1002 et seq.

12          (d) A policy or certificate of life insurance or an annuity contract that is used  
13          to fund a pre-need funeral contract as defined in R.S. 22:917.

14          (e) A policy or certificate of credit life or accident and health insurance.

15          (f) A group master policy holder for which the insurer does not provide  
16          record keeping services.

17          (g) A home services contract as defined in R.S. 22:1806.2.

18          (10) "Record keeping services" means those circumstances under which the  
19          insurer has agreed with a group life insurance policyholder to be responsible for  
20          obtaining, maintaining, and administering in its own systems information about each  
21          individual insured under the policyholder's group life insurance contract including  
22          but not limited to the following information:

23          (a) Social security number or name and date of birth.

24          (b) Beneficiary designation information.

25          (c) Coverage eligibility.

26          (d) Benefit amount.

27          (e) Premium payment status.

1        §924. Requirement to compare in-force policies against DMF

2                A.(1) An insurer shall perform a comparison of its in-force life insurance  
3        policies, annuities, and retained asset accounts issued in this state against a DMF, on  
4        at least a semi-annual basis to identify potential DMF matches.

5                (2) An insurer may comply with the requirements of this Subsection by using  
6        the full DMF once and thereafter using the DMF update files for future comparisons.

7                (3) The comparison required by this Subsection shall not be applicable to  
8        policies for which the insurer does not have electronic searchable files.

9                B. If an insurer learns of the possible death of a person, through a DMF  
10       match or otherwise, then the insurer shall within ninety days complete a good faith  
11       effort, which shall be documented by the insurer, to do all of the following:

12               (1) Confirm the death of the person against other available records and  
13       information.

14               (2) Review its records to determine whether the deceased person had  
15       purchased any other products with the insurer.

16               (3) Determine whether benefits may be due in accordance with any  
17       applicable policy, annuity, or retained asset account.

18               (4) Provide the appropriate claims forms or instructions to the beneficiary  
19       to make a claim, and to notify the beneficiary of the actions necessary to submit a  
20       valid claim. Nothing in this Section limits the insurer from requesting a valid death  
21       certificate as part of any claims validation process.

22               C. Except as prohibited by law, the insurer may disclose only the minimum  
23       necessary identifying personal information about the insured or beneficiary to a  
24       person who the insurer reasonably believes may be able to assist the insurer in  
25       locating the beneficiary or a person otherwise entitled to payment of the claims  
26       proceeds.

27               D. In the event an insurer is unable to confirm the death of a person  
28       following a DMF match, the insurer may consider such policy, annuity, or retained  
29       asset account to be in-force in accordance with its terms.

1           E. An insurer that has not engaged in asymmetric conduct prior to August  
2           1, 2014, shall not be required to comply with the requirements of this Section with  
3           respect to policies, annuities, or retained asset accounts issued prior to August 1,  
4           2014.

5           F. An insurer or its service provider shall not charge any beneficiary or other  
6           authorized representative any fees or costs associated with a DMF search or the  
7           verification of a DMF match conducted pursuant to this Section.

8           G. If the insurer, pursuant to the provisions of Paragraph B of this Section,  
9           has confirmed the death of a person insured under a policy, the benefits from a  
10           policy, plus any applicable accrued contractual interest, shall be first payable to the  
11           designated beneficiary or owners. In the event the beneficiaries or owners cannot be  
12           found, the benefits shall escheat to the state as unclaimed property pursuant to the  
13           provisions of the Uniform Disposition of Unclaimed Property Act, R.S. 9:151 et seq.  
14           Interest payable pursuant to R.S. 22:908 shall not be considered as unclaimed  
15           property under the Uniform Disposition of Unclaimed Property Act.

16           H. The commissioner may adopt such rules, in accordance with the  
17           Administrative Procedure Act, as may be reasonably necessary to implement the  
18           provisions of this Section. The rules shall, at a minimum, do all of the following:

19           (1) Limit an insurer's DMF comparisons under Subsection A of this Section  
20           to the insurer's electronic searchable files or approving a plan and timeline for the  
21           conversion of the insurer's files to electronic searchable files.

22           (2) Exempt an insurer from the DMF comparisons required under Subsection  
23           A of this Section.

24           (3) Permit an insurer to perform such comparisons less frequently than  
25           semi-annually upon demonstration of financial hardship to the insurer.

26           I. Nothing in this Section limits the insurer from requiring compliance with  
27           the terms and conditions of the policy or annuity relative to filing and payment of  
28           claims.

1        §925. Penalty

2                Failure to meet the requirements of this Subpart may be punishable as an  
3        unfair trade practice in accordance with R.S. 22:1961 et seq., provided; however, that  
4        nothing herein shall be construed to create or imply a private cause of action for a  
5        violation of this Subpart.

6        §926. Disposition of unclaimed benefits

7                A. An insurer is authorized in its discretion to report and remit the proceeds  
8        of an unclaimed policy, annuity, or retained asset account to the state treasurer when  
9        the insurer, through good faith efforts as evidenced by appropriate documentation,  
10       has done all of the following:

11                (1) Identified a person as deceased through a DMF match through a search  
12       pursuant to R.S. 22:924, or other information source.

13                (2) Validated such information through a secondary information source.

14                (3) Conducted reasonable search efforts for the beneficiary within ninety  
15       days after the insurer's validation of the DMF match.

16                (4) Determined that no beneficiary can be located within one year of the  
17       conclusion of search efforts pursuant to Paragraph (3) of this Subsection.

18                B. Upon remitting the proceeds of an unclaimed policy, annuity, or retained  
19       asset account to the state pursuant to this Section or pursuant to the Uniform  
20       Disposition of Unclaimed Property Act, R.S. 9:151 et seq., an insurer shall be  
21       relieved from all liability to any person relating to the proceeds. This relief from  
22       liability shall be in addition to any other protections provided by law.

23        §927. Implementation

24                The commissioner is authorized to promulgate rules, in accordance with the  
25       Administrative Procedure Act, to implement this Subpart, provided such rules shall  
26       not impose any duty or requirements not stated in this Subpart.

---

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

---

Cromer

HB No. 411

**Abstract:** Enacts the "Unclaimed Life Insurance Benefits Act", requiring life insurers to periodically perform a comparison of their in-force life insurance policies to the Death Master File from the U.S. Social Security Administration to determine if benefits may be due under the policy; provides that the proceeds of an unclaimed policy may be remitted to the state treasurer.

Proposed law requires a life insurer to periodically compare its in-force life insurance policies, annuities, and retained asset accounts issued in La. against a Death Master File to identify possible matches.

Proposed law requires a life insurer, within 90 days of learning of a possible match, to determine if benefits may be due and pay the benefits and any accrued contractual interest to the designated beneficiaries or owners.

Proposed law allows a life insurer who is unable to find the designated beneficiaries or owners to remit the benefits to the state treasurer through the provisions of the Uniform Disposition of Unclaimed Property Act, R.S. 9:151 et seq.

(Adds R.S. 22:921-927)