

6943--A

Cal. No. 997

I N S E N A T E

April 13, 2012

Introduced by Sens. SEWARD, PARKER -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the insurance law, in relation to unclaimed life insurance benefits

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

- 1 Section 1. The insurance law is amended by adding a new section 3213-a
2 to read as follows:
3 S 3213-A. UNCLAIMED BENEFITS. (A) DEFINITIONS. FOR THE PURPOSES OF
4 THIS SECTION:
5 (1) "ACCOUNT" MEANS ANY MECHANISM, WHETHER DENOTED AS A RETAINED ASSET
6 ACCOUNT OR OTHERWISE, WHEREBY THE SETTLEMENT OF PROCEEDS PAYABLE TO A
7 BENEFICIARY UNDER A POLICY IS ACCOMPLISHED BY THE INSURER OR AN ENTITY
8 ACTING ON BEHALF OF THE INSURER WHERE THE PROCEEDS ARE RETAINED BY THE
9 INSURER PURSUANT TO A SUPPLEMENTARY CONTRACT.
10 (2) "DEATH INDEX" MEANS THE DEATH MASTER FILE MAINTAINED BY THE UNITED
11 STATES SOCIAL SECURITY ADMINISTRATION OR ANY OTHER DATABASE OR SERVICE
12 THAT IS AT LEAST AS COMPREHENSIVE AS THE DEATH MASTER FILE MAINTAINED BY
13 THE UNITED STATES SOCIAL SECURITY ADMINISTRATION AND THAT IS ACCEPTABLE
14 TO THE SUPERINTENDENT.
15 (3) "INSURED" INCLUDES AN INDIVIDUAL COVERED BY A POLICY OR AN ANNUITY
16 CONTRACT WHEN THE ANNUITY CONTRACT PROVIDES FOR BENEFITS TO BE PAID OR OTHER
17 MONIES TO BE DISTRIBUTED UPON THE DEATH OF THE ANNUITANT.
18 (4) "INSURER" MEANS A LIFE INSURANCE COMPANY OR FRATERNAL BENEFIT
19 SOCIETY.
20 (5) "LOST POLICY FINDER" MEANS A SERVICE MADE AVAILABLE BY THE DEPARTMENT
21 ON ITS WEBSITE OR OTHERWISE DEVELOPED BY THE SUPERINTENDENT EITHER
22 ON HIS OR HER OWN OR IN CONJUNCTION WITH OTHER STATE REGULATORS, TO
23 ASSIST CONSUMERS IN LOCATING UNCLAIMED LIFE INSURANCE BENEFITS.
24 (6) "POLICY" MEANS A LIFE INSURANCE POLICY, INCLUDING POLICIES THAT
25 HAVE LAPSED OR BEEN TERMINATED, ANNUITY CONTRACT, OR A CERTIFICATE UNDER

EXPLANATION--Matter in *ITALICS* (underscored) is new; matter in brackets [] is old law to be omitted.

LBD15333-09-2

1 A LIFE INSURANCE POLICY OR ANNUITY CONTRACT, OR A CERTIFICATE ISSUED BY
2 A FRATERNAL BENEFIT SOCIETY, UNDER WHICH BENEFITS ARE TO BE PAID UPON
3 THE DEATH OF THE INSURED.

4 (B) APPLICABILITY. THIS SECTION SHALL APPLY TO:

5 (1) EVERY POLICY ISSUED BY A DOMESTIC INSURER AND ANY ACCOUNT ESTAB-
6 LISHED UNDER OR AS A RESULT OF SUCH POLICY; AND

7 (2) EVERY POLICY DELIVERED OR ISSUED FOR DELIVERY IN NEW YORK BY AN
8 AUTHORIZED FOREIGN INSURER AND ANY ACCOUNT ESTABLISHED UNDER OR AS A
9 RESULT OF SUCH POLICY.

10 (3) NOTWITHSTANDING PARAGRAPHS ONE AND TWO OF THIS SUBSECTION, WITH
11 RESPECT TO A POLICY DELIVERED OR ISSUED FOR DELIVERY OUTSIDE THIS STATE,
12 A DOMESTIC INSURER MAY, IN LIEU OF THE REQUIREMENTS OF THIS SECTION,
13 IMPLEMENT PROCEDURES THAT MEET THE MINIMUM REQUIREMENTS OF THE STATE IN
14 WHICH THE POLICY WAS DELIVERED OR ISSUED, PROVIDED THAT THE SUPERINTEN-
15 DENT CONCLUDES THAT SUCH OTHER REQUIREMENTS ARE NO LESS FAVORABLE TO THE
16 POLICYOWNER AND BENEFICIARY THAN THOSE REQUIRED BY THIS SECTION.

17 (4) NOTWITHSTANDING THE PROVISIONS OF PARAGRAPHS ONE AND TWO OF THIS
18 SUBSECTION, THIS SECTION SHALL NOT APPLY TO LAPSED OR TERMINATED POLI-
19 CIES WITH NO BENEFITS PAYABLE THAT WERE SEARCHED WITHIN THE THREE
20 HUNDRED SIXTY-FIVE DAYS PRECEDING THE EFFECTIVE DATE OF THIS SECTION OR
21 THAT WERE SEARCHED MORE THAN EIGHTEEN MONTHS PRIOR TO THE MOST RECENT
22 SEARCH CONDUCTED BY THE INSURER.

23 (C) IDENTIFYING INFORMATION. (1) EXCEPT AS SET FORTH IN PARAGRAPH TWO
24 OF THIS SUBSECTION, AT NO LATER THAN POLICY DELIVERY OR THE ESTABLISH-
25 MENT OF AN ACCOUNT AND UPON ANY CHANGE OF INSURED, OWNER, OR BENEFICI-
26 ARY, EVERY INSURER SHALL REQUEST INFORMATION SUFFICIENT TO ENSURE THAT
27 ALL BENEFITS OR OTHER MONIES ARE DISTRIBUTED TO THE APPROPRIATE PERSONS
28 UPON THE DEATH OF THE INSURED OR ACCOUNT HOLDER, INCLUDING, AT A MINI-
29 MUM, THE NAME, ADDRESS, SOCIAL SECURITY NUMBER, DATE OF BIRTH, AND TELE-
30 PHONE NUMBER OF EVERY OWNER, INSURED AND BENEFICIARY OF SUCH POLICY OR
31 ACCOUNT, AS APPLICABLE.

32 (2) WHERE AN INSURER ISSUES A POLICY OR PROVIDES FOR AN ACCOUNT BASED
33 ON DATA RECEIVED DIRECTLY FROM AN INSURED'S EMPLOYER, THE INSURER MAY
34 OBTAIN THE BENEFICIARY INFORMATION DESCRIBED IN PARAGRAPH ONE OF THIS
35 SUBSECTION AFTER RECEIVING THE DATA FROM THE INSURED'S EMPLOYER.

36 (D) STANDARDS FOR CROSS-CHECKING POLICIES. (1) EVERY INSURER SHALL USE
37 THE DEATH INDEX TO CROSS-CHECK EVERY POLICY AND ACCOUNT SUBJECT TO THIS
38 SECTION NO LESS FREQUENTLY THAN QUARTERLY, EXCEPT AS SPECIFIED IN
39 SUBSECTION (G) OF THIS SECTION. AN INSURER MAY PERFORM THE CROSS-CHECK
40 USING THE UPDATES MADE TO THE DEATH INDEX SINCE THE DATE OF THE LAST
41 CROSS-CHECK PERFORMED BY THE INSURER, PROVIDED THAT THE INSURER PERFORMS
42 THE CROSS-CHECK USING THE ENTIRE DEATH INDEX AT LEAST ONCE A YEAR. THE
43 SUPERINTENDENT MAY PROMULGATE RULES AND REGULATIONS THAT ALLOW AN INSUR-
44 ER TO PERFORM THE CROSS-CHECKS LESS FREQUENTLY THAN QUARTERLY, PROVIDED,
45 HOWEVER, THE INSURER MUST NOT BE ALLOWED TO PERFORM SUCH CROSS-CHECKS
46 LESS THAN SEMI-ANNUALLY.

47 (2) THE CROSS-CHECKS SHALL BE PERFORMED USING THE SOCIAL SECURITY
48 NUMBER, THE NAME, AND DATE OF BIRTH OF THE INSURED OR ACCOUNT HOLDER.

49 (3) IF AN INSURER ONLY HAS A PARTIAL NAME, SOCIAL SECURITY NUMBER,
50 DATE OF BIRTH, OR A COMBINATION THEREOF, OF THE INSURED OR ACCOUNT HOLD-
51 ER UNDER A POLICY OR ACCOUNT, THE INSURER SHALL USE THE AVAILABLE INFOR-
52 MATION TO PERFORM THE CROSS-CHECK.

53 (4) EVERY INSURER SHALL IMPLEMENT REASONABLE PROCEDURES TO ACCOUNT FOR
54 COMMON VARIATIONS IN DATA THAT WOULD OTHERWISE PRECLUDE AN EXACT MATCH
55 WITH A DEATH INDEX.

(E) MULTIPLE POLICY SEARCH PROCEDURES. (1) UPON RECEIVING NOTIFICATION OF THE DEATH OF AN INSURED OR ACCOUNT HOLDER OR IN THE EVENT OF A MATCH MADE BY A DEATH INDEX CROSS-CHECK PURSUANT TO SUBSECTION (D) OF THIS SECTION, AN INSURER SHALL SEARCH EVERY POLICY OR ACCOUNT SUBJECT TO THIS SECTION TO DETERMINE WHETHER THE INSURER HAS ANY OTHER POLICIES OR ACCOUNTS FOR THE INSURED OR ACCOUNT HOLDER.

(2) EVERY INSURER THAT RECEIVES A NOTIFICATION OF THE DEATH OF THE INSURED OR ACCOUNT HOLDER, OR IDENTIFIES A DEATH INDEX MATCH, SHALL NOTIFY EACH UNITED STATES AFFILIATE AND ANY ENTITY THAT THE INSURER CONTRACTS WITH WHICH MAY MAINTAIN RECORDS RELATING TO POLICIES COVERED BY THIS SECTION OF THE NOTIFICATION OR VERIFIED DEATH INDEX MATCH, WHO SHALL THEN PERFORM THE SEARCH REQUIRED BY PARAGRAPH ONE OF THIS SUBSECTION.

(F) STANDARDS FOR LOCATING CLAIMANTS. (1) EVERY INSURER SHALL ESTABLISH PROCEDURES TO REASONABLY CONFIRM THE DEATH OF AN INSURED OR ACCOUNT HOLDER AND BEGIN TO LOCATE BENEFICIARIES WITHIN NINETY DAYS AFTER THE IDENTIFICATION OF A POTENTIAL MATCH MADE BY A DEATH INDEX CROSS-CHECK OR BY A SEARCH CONDUCTED BY THE INSURER PURSUANT TO SUBSECTION (E) OF THIS SECTION. IF THE INSURER CANNOT LOCATE BENEFICIARIES WITHIN NINETY DAYS AFTER THE IDENTIFICATION OF A POTENTIAL MATCH, THE INSURER SHALL CONTINUE TO SEARCH FOR BENEFICIARIES UNTIL THE BENEFITS ESCHATE TO THE STATE.

(2) ONCE THE BENEFICIARY OR BENEFICIARIES UNDER THE POLICY OR ACCOUNT HAVE BEEN LOCATED, THE INSURER SHALL PROVIDE TO THE BENEFICIARY OR BENEFICIARIES THE INFORMATION NECESSARY TO MAKE A CLAIM PURSUANT TO THE TERMS OF THE POLICY OR ACCOUNT. THE INSURER SHALL PROCESS ALL CLAIMS AND MAKE PROMPT PAYMENTS AND DISTRIBUTIONS IN ACCORDANCE WITH ALL APPLICABLE LAWS, RULES, AND REGULATIONS.

(3) NOTHING HEREIN SHALL PREVENT AN INSURER FROM REQUIRING SATISFACTORY PROOF OF LOSS, SUCH AS A DEATH CERTIFICATE, FOR THE PURPOSE OF VERIFYING THE DEATH OF THE INSURED.

(G) THIS SECTION SHALL NOT APPLY TO:

(1) GROUP POLICIES WHERE THE INSURER DOES NOT MAINTAIN RECORDS ON ITS ADMINISTRATIVE SYSTEMS CONTAINING THE INFORMATION NECESSARY TO COMPLY WITH THE REQUIREMENTS OF THIS SECTION;

(2) ANY POLICY OR CERTIFICATE THAT PROVIDES A DEATH BENEFIT UNDER AN EMPLOYEE BENEFIT, GOVERNMENT OR CHURCH PLAN SUBJECT TO OR AS DEFINED UNDER THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974 (29 USC 1002), AS PERIODICALLY AMENDED, OR UNDER ANY FEDERAL EMPLOYEE BENEFIT PROGRAM;

(3) ANY OTHER CIRCUMSTANCE AS DETERMINED TO BE APPROPRIATE BY THE SUPERINTENDENT.

(H) LOST POLICY FINDER. (1) THE SUPERINTENDENT SHALL DEVELOP AND IMPLEMENT A LOST POLICY FINDER TO ASSIST REQUESTORS IN LOCATING UNCLAIMED LIFE INSURANCE BENEFITS. THE LOST POLICY FINDER SHALL BE AVAILABLE ONLINE AND VIA OTHER MEANS, INCLUDING BUT NOT LIMITED TO THE DEPARTMENT'S TOLL FREE TELEPHONE NUMBER. THE SUPERINTENDENT SHALL ASSIST A REQUESTOR IN USING THE LOST POLICY FINDER, INCLUDING INFORMING THE REQUESTOR OF WHAT INFORMATION AN INSURER MAY NEED TO FACILITATE RESPONDING TO THE REQUEST.

(2) AS SOON AS PRACTICABLE BUT NO LATER THAN THIRTY DAYS AFTER RECEIVING A REQUEST FROM A REQUESTOR VIA THE LOST POLICY FINDER, THE SUPERINTENDENT SHALL:

(I) FORWARD THE REQUEST TO ALL INSURERS DEEMED NECESSARY BY THE SUPERINTENDENT IN ORDER TO SUCCESSFULLY RESPOND TO THE CONSUMER'S REQUEST; AND

1 (II) INFORM THE REQUESTOR IN WRITING THAT THE REQUEST HAS BEEN
2 RECEIVED AND FORWARDED TO ALL INSURERS DEEMED NECESSARY BY THE SUPER-
3 INTENDENT IN ORDER TO SUCCESSFULLY RESPOND TO THE REQUEST.

4 (3) UPON RECEIVING A REQUEST FORWARDED BY THE SUPERINTENDENT THROUGH A
5 LOST POLICY FINDER APPLICATION, EVERY INSURER SHALL SEARCH FOR POLICIES
6 AND ANY ACCOUNTS SUBJECT TO THIS SECTION THAT INSURE THE LIFE OF, OR ARE
7 OWNED BY, AN INDIVIDUAL NAMED AS THE DECEDENT IN THE REQUEST FORWARDED
8 BY THE SUPERINTENDENT.

9 (4) WITHIN THIRTY DAYS OF RECEIVING THE REQUEST REFERENCED IN PARA-
10 GRAPH TWO OF THIS SUBSECTION, THE INSURER SHALL:

11 (I) REPORT TO THE SUPERINTENDENT THROUGH THE LOST POLICY FINDER THE
12 FINDINGS OF THE SEARCH CONDUCTED PURSUANT TO PARAGRAPH THREE OF THIS
13 SUBSECTION;

14 (II) FOR EACH IDENTIFIED POLICY AND ACCOUNT INSURING THE LIFE OF, OR
15 OWNED BY, THE NAMED INSURED, PROVIDE TO A REQUESTOR WHO IS ALSO THE
16 BENEFICIARY OF RECORD ON THE IDENTIFIED POLICY OR ACCOUNT THE INFORMA-
17 TION NECESSARY TO MAKE A CLAIM PURSUANT TO THE TERMS OF THE POLICY OR
18 ACCOUNT;

19 (III) FOR EACH IDENTIFIED POLICY AND ACCOUNT INSURING THE LIFE OF, OR
20 OWNED BY, THE NAMED INSURED, PROVIDE TO A REQUESTOR WHO IS NOT THE BENE-
21 FICIARY OF RECORD ON THE IDENTIFIED POLICY OR ACCOUNT THE REQUESTED
22 INFORMATION TO THE EXTENT PERMISSIBLE TO BE DISCLOSED IN ACCORDANCE WITH
23 ANY APPLICABLE LAW, RULE, AND REGULATION AND TO TAKE SUCH OTHER STEPS
24 NECESSARY TO FACILITATE THE PAYMENT OF ANY BENEFIT THAT MAY BE DUE UNDER
25 THE IDENTIFIED POLICY OR ACCOUNT; AND

26 (5) THE SUPERINTENDENT SHALL, WITHIN THIRTY DAYS OF RECEIVING FROM ALL
27 INSURERS THE INFORMATION REQUIRED IN SUBPARAGRAPH (I) OF PARAGRAPH FOUR
28 OF THIS SUBSECTION, INFORM THE REQUESTOR OF THE RESULTS OF THE SEARCH.

29 (6) WHEN A BENEFICIARY IDENTIFIED IN PARAGRAPH FOUR OF THIS SUBSECTION
30 SUBMITS A CLAIM OR CLAIMS TO AN INSURER, THE INSURER SHALL PROCESS SUCH
31 CLAIMS AND MAKE PROMPT PAYMENTS AND DISTRIBUTIONS IN ACCORDANCE WITH ALL
32 APPLICABLE LAWS, RULES, AND REGULATIONS.

33 (7) WITHIN THIRTY DAYS OF THE FINAL DISPOSITION OF THE REQUEST, THE
34 INSURER SHALL REPORT TO THE SUPERINTENDENT THROUGH THE LOST POLICY
35 FINDER ANY BENEFITS PAID AND ANY OTHER INFORMATION REQUESTED BY THE
36 SUPERINTENDENT.

37 (8) EVERY INSURER SHALL ESTABLISH PROCEDURES TO ELECTRONICALLY RECEIVE
38 THE LOST POLICY FINDER APPLICATION REQUEST FROM, AND MAKE REPORTS TO,
39 THE SUPERINTENDENT AS PROVIDED FOR IN THIS SECTION. WHEN TRANSMITTED
40 ELECTRONICALLY, THE DATE THAT THE SUPERINTENDENT FORWARDS THE REQUEST
41 SHALL BE DEEMED TO BE THE DATE OF RECEIPT BY THE INSURER UNLESS THE DAY
42 IS A SATURDAY, SUNDAY OR A PUBLIC HOLIDAY, AS DEFINED IN SECTION TWEN-
43 TY-FIVE OF THE GENERAL CONSTRUCTION LAW AND, IN SUCH CASE, THE DATE OF
44 RECEIPT SHALL BE AS PROVIDED IN SECTION TWENTY-FIVE-A OF THE GENERAL
45 CONSTRUCTION LAW. THE SUPERINTENDENT MAY PROMULGATE RULES AND REGU-
46 LATIONS THAT ALLOW AN INSURER TO APPLY FOR AN EXEMPTION FROM THE
47 REQUIREMENT THAT IT ELECTRONICALLY RECEIVE THE LOST POLICY FINDER APPLI-
48 CATION REQUEST.

49 (I) REPORTS. EVERY INSURER SUBJECT TO THIS SECTION SHALL INCLUDE IN
50 THE REPORT REQUIRED UNDER SECTION SEVEN HUNDRED THREE OF THE ABANDONED
51 PROPERTY LAW ANY INFORMATION ON UNCLAIMED BENEFITS DUE PURSUANT TO THIS
52 SECTION THE NUMBER OF POLICIES AND ACCOUNTS THAT THE INSURER HAS IDENTI-
53 FIED PURSUANT TO THIS SECTION FOR THE PRIOR CALENDAR YEAR UNDER WHICH
54 ANY OUTSTANDING MONIES HAVE NOT BEEN PAID OR DISTRIBUTED BY DECEMBER
55 THIRTY-FIRST OF SUCH YEAR EXCEPT POTENTIAL MATCHES STILL BEING INVESTI-

1 GATED PURSUANT TO PARAGRAPH ONE OF SUBSECTION (F) OF THIS SECTION. A
2 COPY OF THE REPORT SHALL ALSO BE FILED WITH THE SUPERINTENDENT.
3 (J) THE SUPERINTENDENT IS AUTHORIZED TO PROMULGATE ANY RULES AND REGU-
4 LATIONS NECESSARY TO IMPLEMENT THE PROVISIONS OF THIS SECTION IN ACCORD-
5 ANCE WITH THE PROVISIONS OF THE STATE ADMINISTRATIVE PROCEDURE ACT.
6 S 2. This act shall take effect on the one hundred eightieth day after
7 it shall have become a law.