

1831

2013-2014 Regular Sessions

I N   A S S E M B L Y

(PREFILED)

January 9, 2013

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Introduced by M. of A. MORELLE -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to unclaimed life insurance benefits, relating to clarifying certain provisions

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

1     Section 1. Section 3213-a of the insurance law, as added by chapter  
2     495 of the laws of 2012, is amended to read as follows:  
3     S [3213-a] 3240. Unclaimed benefits. (a) Definitions. For the purposes  
4     of this section:  
5        (1) "Account" means: (A) any mechanism, whether denoted as a retained  
6     asset account or otherwise, whereby the settlement of proceeds payable  
7     to a beneficiary under a policy is accomplished by the insurer or an  
8     entity acting on behalf of the insurer [where the proceeds are retained  
9     by the insurer pursuant to a supplementary contract] PLACING THE  
10    PROCEEDS INTO AN ACCOUNT WHERE THE INSURER RETAINS THOSE PROCEEDS AND  
11    THE BENEFICIARY HAS CHECK OR DRAFT WRITING PRIVILEGES; OR (B) ANY OTHER  
12    SETTLEMENT OPTION RELATING TO THE MANNER OF DISTRIBUTION OF THE PROCEEDS  
13    PAYABLE UNDER A POLICY.  
14        (2) "Death index" means the death master file maintained by the United  
15    States social security administration or any other database or service  
16    that is at least as comprehensive as the death master file maintained by  
17    the United States social security administration and that is acceptable  
18    to the superintendent.  
19        (3) "Insured" [includes] MEANS an individual covered by a policy or an  
20    annuitant when the annuity contract provides for benefits to be paid or  
21    other monies to be distributed upon the death of the annuitant.  
22        (4) "Insurer" means a life insurance company or fraternal benefit  
23    society.

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

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(5) "Lost policy finder" means a service made available by the department on its website or otherwise developed by the superintendent either on his or her own or in conjunction with other state regulators, to assist consumers [in] WITH locating unclaimed life insurance benefits.

(6) "Policy" means a life insurance policy[, including policies that have lapsed or been terminated,]; AN annuity contract[, or]; a certificate under a life insurance policy or annuity contract[,]; or a certificate issued by a fraternal benefit society[,]; under which benefits are to be paid upon the death of the insured, INCLUDING A POLICY THAT HAS LAPSED OR BEEN TERMINATED.

(b) Applicability. (1) This section shall apply to A POLICY:

[(1) Every policy] (A) issued by a domestic insurer and any account established under or as a result of such policy; [and] OR

[(2) Every policy] (B) delivered or issued for delivery in [New York] THIS STATE by an authorized foreign insurer and any account established under or as a result of such policy.

[(3)] (2) Notwithstanding [paragraphs] PARAGRAPH one [and two] of this subsection[,]:

(A) with respect to a policy delivered or issued for delivery outside this state, a domestic insurer may, in lieu of the requirements of this section, implement procedures that meet the minimum requirements of the state in which the INSURER DELIVERED OR ISSUED THE policy [was delivered or issued], provided that the superintendent [concludes] DETERMINES that such other requirements are no less favorable to the [policyowner] POLICY OWNER and beneficiary than those required by this section[.]; AND

[(4) Notwithstanding the provisions of paragraphs one and two of this subsection,] (B) this section shall not apply to A lapsed or terminated [policies] POLICY with no benefits payable that [were] WAS searched within the [three hundred sixty-five days] EIGHTEEN MONTHS preceding the effective date of this section or that [were] WAS searched more than eighteen months prior to the most recent search conducted by the insurer.

(c) Identifying information. (1) Except as set forth in paragraph two of this subsection, at no later than policy delivery or the establishment of an account and upon any change of insured, owner, ACCOUNT HOLDER, or beneficiary, [every] AN insurer shall request information sufficient to ensure that all benefits or other monies are distributed to the appropriate persons upon the death of the insured or account holder, including, at a minimum, the name, address, social security number, date of birth, and telephone number of every owner, ACCOUNT HOLDER, insured, and beneficiary of such policy or account, as applicable.

(2) Where an insurer issues a policy or provides for an account based on data received directly from an insured's employer, the insurer may obtain the beneficiary information described in paragraph one of this subsection BY COMMUNICATING WITH THE INSURED after receiving the data from the insured's employer.

(d) Standards for cross-checking policies. (1) [Every] AN insurer shall use the death index to cross-check every policy and account subject to this section no less frequently than quarterly, except as specified in subsection (g) of this section. An insurer may perform the cross-check using the updates made to the death index since the date of the last cross-check performed by the insurer, provided that the insurer performs the cross-check using the entire death index at least once a year. The superintendent may promulgate rules and regulations that allow an insurer to perform the cross-checks less frequently than quarterly[,

provided, however, the insurer must not be allowed to perform such cross-checks] BUT NOT less FREQUENTLY than semi-annually.

(2) The cross-checks shall be performed using: (A) the INSURED OR ACCOUNT HOLDER'S social security number; OR (B) WHERE THE INSURER DOES NOT KNOW THE INSURED OR ACCOUNT HOLDER'S SOCIAL SECURITY NUMBER, the name[, ] and date of birth of the insured or account holder.

(3) If an insurer only has a partial name, social security number, date of birth, or a combination thereof, of the insured or account holder under a policy or account, THEN the insurer shall use the available information to perform the cross-check.

(4) [Every] AN insurer shall implement reasonable procedures to account for common variations in data that would otherwise preclude an exact match 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] AN insurer that receives a notification of the death of [the] AN insured or account holder, or identifies a death index match, shall notify each United States affiliate, PARENT, OR SUBSIDIARY, and any entity [that] WITH WHICH the insurer contracts [with which] THAT may maintain OR CONTROL records relating to policies OR ACCOUNTS 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]. AN INSURER SHALL TAKE ALL STEPS NECESSARY TO HAVE EACH AFFILIATE, PARENT, SUBSIDIARY, OR OTHER ENTITY PERFORM THE SEARCH REQUIRED BY PARAGRAPH ONE OF THIS SUBSECTION.

(f) Standards for locating claimants. (1) [Every] AN 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, THEN the insurer shall continue to search for beneficiaries until the benefits escheat [to the] IN ACCORDANCE WITH APPLICABLE state LAW.

(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, PROVIDED THAT IF A BENEFICIARY CANNOT OBTAIN A DEATH CERTIFICATE, THEN AN INSURER SHALL ACCEPT AN ALTERNATE FORM OF SATISFACTORY PROOF OF LOSS.

(g) This section shall not apply to:

(1) A group [policies] POLICY ADMINISTERED BY THE GROUP POLICYHOLDER where the insurer does not maintain OR CONTROL THE records [on its administrative systems] containing the information necessary to comply with the requirements of this section; OR

(2) [any policy or certificate that provides a death benefit under an employee benefit, government or church plan subject to or as defined

1 under the Employee Retirement Income Security Act of 1974 (29 USC 1002),  
2 as periodically amended, or under any Federal employee benefit program;  
3 (3)] any other circumstance as determined to be appropriate by the  
4 superintendent IN A REGULATION.

5 (h) Lost policy finder. (1) The superintendent shall develop and  
6 implement a lost policy finder to assist requestors [in] WITH locating  
7 unclaimed life insurance benefits. The lost policy finder shall be  
8 available online and via other means, including but not limited to the  
9 department's toll free telephone number. The superintendent shall assist  
10 a requestor [in] WITH using the lost policy finder, including informing  
11 the requestor of [what] THE information an insurer may need to facili-  
12 tate responding to the request.

13 (2) As soon as practicable, but no later than thirty days after  
14 receiving a request from a requestor via the lost policy finder, the  
15 superintendent shall:

16 [(i)] (A) forward the request to all insurers deemed necessary by the  
17 superintendent in order to successfully respond to the [consumer's]  
18 request; and

19 [(ii)] (B) inform the requestor in writing that the SUPERINTENDENT  
20 RECEIVED THE request [has been received] and forwarded THE REQUEST to  
21 all insurers deemed necessary by the superintendent in order to success-  
22 fully respond to the request.

23 (3) Upon receiving a request forwarded by the superintendent through a  
24 lost policy finder [application], [every] AN insurer shall search for  
25 policies and any accounts subject to this section that insure the life  
26 of, or are owned by, an individual named as the decedent in the request  
27 forwarded by the superintendent.

28 (4) Within thirty days of receiving the request referenced in para-  
29 graph two of this subsection, OR WITHIN FORTY-FIVE DAYS OF RECEIVING THE  
30 REQUEST WHERE THE INSURER CONTRACTS WITH ANOTHER ENTITY TO MAINTAIN THE  
31 INSURER'S RECORDS, the insurer shall:

32 [(i)] (A) report to the superintendent through the lost policy finder  
33 the findings of the search conducted pursuant to paragraph three of this  
34 subsection;

35 [(ii)] (B) for each identified policy and account insuring the life  
36 of, or owned by, the [named insured] INDIVIDUAL NAMED AS THE DECEDENT IN  
37 THE REQUEST, provide to a requestor who is:

38 (I) also the beneficiary of record on the identified policy or account  
39 the information necessary to make a claim pursuant to the terms of the  
40 policy or account; AND

41 [(iii) for each identified policy and account insuring the life of, or  
42 owned by, the named insured, provide to a requestor who is]

43 (II) not the beneficiary of record on the identified policy or account  
44 the requested information to the extent permissible to be disclosed in  
45 accordance with any applicable law, rule, [and] OR regulation and [to]  
46 take such other steps necessary to facilitate the payment of any benefit  
47 that may be due under the identified policy or account[; and].

48 (5) The superintendent shall, within thirty days of receiving from all  
49 insurers the information required in subparagraph [(i)] (A) of paragraph  
50 four of this subsection, inform the requestor of the results of the  
51 search.

52 (6) When a beneficiary identified in paragraph four of this subsection  
53 submits a claim or claims to an insurer, the insurer shall process such  
54 CLAIM OR claims and make prompt payments and distributions in accordance  
55 with all applicable laws, rules, and regulations.

1 (7) Within thirty days of the final disposition of the request, [the]  
2 AN insurer shall report to the superintendent through the lost policy  
3 finder any benefits paid and any other information requested by the  
4 superintendent.

5 (8) [Every] AN insurer shall establish procedures to electronically  
6 receive the lost policy finder [application] request from, and make  
7 reports to, the superintendent as provided for in this section. When  
8 transmitted electronically, the date that the superintendent forwards  
9 the request shall be deemed to be the date of receipt by the insurer  
10 [unless]; PROVIDED, HOWEVER, THAT IF the [day] DATE is a Saturday,  
11 Sunday, or a public holiday, as defined in section [twenty-five] TWEN-  
12 TY-FOUR of the general construction law [and, in such case], THEN the  
13 date of receipt shall be as provided in section twenty-five-a of the  
14 general construction law. The superintendent may promulgate rules and  
15 regulations that allow an insurer to apply for an exemption from the  
16 requirement that it electronically receive the lost policy finder  
17 [application] request AND REPORT ANY BENEFITS PAID OR OTHER INFORMATION  
18 THE SUPERINTENDENT REQUESTS PURSUANT TO SECTION THREE HUNDRED SIXTEEN OF  
19 THIS CHAPTER.

20 (i) Reports. [Every] AN insurer subject to this section shall include  
21 in the report required under section seven hundred three of the aban-  
22 doned property law any information on unclaimed benefits due pursuant to  
23 this section AND the number of policies and accounts that the insurer  
24 has identified pursuant to this section for the prior calendar year  
25 under which any outstanding monies have not been paid or distributed by  
26 December thirty-first of such year, except potential matches still being  
27 investigated pursuant to paragraph one of subsection (f) of this  
28 section. A copy of the report ALSO shall [also] be filed with the  
29 superintendent.

30 (j) The superintendent is authorized to promulgate any rules and regu-  
31 lations necessary to implement the provisions of this section in accord-  
32 ance with the provisions of the state administrative procedure act.

33 S 2. This act shall take effect on the same date and in the same  
34 manner as chapter 495 of the laws of 2012, takes effect.