

2756

2013-2014 Regular Sessions

I N S E N A T E

January 23, 2013

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed 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.

24 (5) "Lost policy finder" means a service made available by the depart-
25 ment on its website or otherwise developed by the superintendent either

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

LBD05840-01-3

1 on his or her own or in conjunction with other state regulators, to
2 assist consumers [in] WITH locating unclaimed life insurance benefits.

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

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

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

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

15 [(3)] (2) Notwithstanding [paragraphs] PARAGRAPH one [and two] of this
16 subsection[,]:

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

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

31 (c) Identifying information. (1) Except as set forth in paragraph two
32 of this subsection, at no later than policy delivery or the establish-
33 ment of an account and upon any change of insured, owner, ACCOUNT HOLD-
34 ER, or beneficiary, [every] AN insurer shall request information suffi-
35 cient to ensure that all benefits or other monies are distributed to the
36 appropriate persons upon the death of the insured or account holder,
37 including, at a minimum, the name, address, social security number, date
38 of birth, and telephone number of every owner, ACCOUNT HOLDER, insured,
39 and beneficiary of such policy or account, as applicable.

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

45 (d) Standards for cross-checking policies. (1) [Every] AN insurer
46 shall use the death index to cross-check every policy and account
47 subject to this section no less frequently than quarterly, except as
48 specified in subsection (g) of this section. An insurer may perform the
49 cross-check using the updates made to the death index since the date of
50 the last cross-check performed by the insurer, provided that the insurer
51 performs the cross-check using the entire death index at least once a
52 year. The superintendent may promulgate rules and regulations that allow
53 an insurer to perform the cross-checks less frequently than quarterly[,
54 provided, however, the insurer must not be allowed to perform such
55 cross-checks] BUT NOT less FREQUENTLY than semi-annually.

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

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

9 (4) [Every] AN insurer shall implement reasonable procedures to
10 account for common variations in data that would otherwise preclude an
11 exact match with a death index.

12 (e) Multiple policy search procedures. (1) Upon receiving notification
13 of the death of an insured or account holder or in the event of a match
14 made by a death index cross-check pursuant to subsection (d) of this
15 section, an insurer shall search every policy or account subject to this
16 section to determine whether the insurer has any other policies or
17 accounts for the insured or account holder.

18 (2) [Every] AN insurer that receives a notification of the death of
19 [the] AN insured or account holder, or identifies a death index match,
20 shall notify each United States affiliate, PARENT, OR SUBSIDIARY, and
21 any entity [that] WITH WHICH the insurer contracts [with which] THAT may
22 maintain OR CONTROL records relating to policies OR ACCOUNTS covered by
23 this section, of the notification or verified death index match[, who
24 shall then perform the search required by paragraph one of this
25 subsection]. AN INSURER SHALL TAKE ALL STEPS NECESSARY TO HAVE EACH
26 AFFILIATE, PARENT, SUBSIDIARY, OR OTHER ENTITY PERFORM THE SEARCH
27 REQUIRED BY PARAGRAPH ONE OF THIS SUBSECTION.

28 (f) Standards for locating claimants. (1) [Every] AN insurer shall
29 establish procedures to reasonably confirm the death of an insured or
30 account holder and begin to locate beneficiaries within ninety days
31 after the identification of a potential match made by a death index
32 cross-check or by a search conducted by the insurer pursuant to
33 subsection (e) of this section. If the insurer cannot locate benefi-
34 ciaires within ninety days after the identification of a potential match,
35 THEN the insurer shall continue to search for beneficiaries until the
36 benefits escheat [to the] IN ACCORDANCE WITH APPLICABLE state LAW.

37 (2) Once the beneficiary or beneficiaries under the policy or account
38 have been located, the insurer shall provide to the beneficiary or bene-
39 ficiaries the information necessary to make a claim pursuant to the
40 terms of the policy or account. The insurer shall process all claims and
41 make prompt payments and distributions in accordance with all applicable
42 laws, rules, and regulations.

43 (3) Nothing herein shall prevent an insurer from requiring satisfac-
44 tory proof of loss, such as a death certificate, for the purpose of
45 verifying the death of the insured, PROVIDED THAT IF A BENEFICIARY
46 CANNOT OBTAIN A DEATH CERTIFICATE, THEN AN INSURER SHALL ACCEPT AN
47 ALTERNATE FORM OF SATISFACTORY PROOF OF LOSS.

48 (g) This section shall not apply to:

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

53 (2) [any policy or certificate that provides a death benefit under an
54 employee benefit, government or church plan subject to or as defined
55 under the Employee Retirement Income Security Act of 1974 (29 USC 1002),
56 as periodically amended, or under any Federal employee benefit program;

1 (3)] any other circumstance as determined to be appropriate by the
2 superintendent IN A REGULATION.

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

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

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

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

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

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

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

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

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

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

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

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

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

54 (7) Within thirty days of the final disposition of the request, [the]
55 AN insurer shall report to the superintendent through the lost policy

1 finder any benefits paid and any other information requested by the
2 superintendent.

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

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

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

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