



2017 ASSEMBLY BILL 334

May 19, 2017 - Introduced by Representatives JACQUE, DUCHOW, R. BROOKS, GENRICH, MURPHY, THIESFELDT and TUSLER, cosponsored by Senators CRAIG, CARPENTER, HARS DORF, OLSEN, NASS and WIRCH. Referred to Committee on Insurance.

1 **AN ACT to create** 632.63 of the statutes; **relating to:** life insurance and annuity
2 benefits.

Analysis by the Legislative Reference Bureau

This bill implements the Model Unclaimed Life Insurance Benefits Act prepared by the National Conference of Insurance Legislators. Generally, the bill addresses the obligations of an insurer providing life insurance policies, annuities, or retained asset accounts with respect to identifying insureds who have died and their beneficiaries.

Under the bill, an insurer is required to compare the records of its life insurance policies, annuity contracts, or retained asset accounts with the federal Social Security Administration's Death Master File. The bill specifies the conditions under which a potential match between those records and the Death Master File occurs. The bill specifies that when a potential match occurs, the insurer must, within 90 days, complete a good faith effort, documented by the insurer, to validate the death of the insured or retained asset account holder against other available records or information. The insurer must then determine whether benefits are owed under the policy or contract and, if so, use good faith efforts to locate any beneficiaries and provide those beneficiaries claims forms and instructions for making a claim. With respect to group life insurance policies, insurers are only required to compare its records with the Death Master File if the insurer maintains certain information regarding the life insurance policy. The bill also requires insurers to implement procedures to account for discrepancies in records, such as compound last names or transposed months and dates in dates of birth. Finally, the bill prohibits an insurer

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from charging a beneficiary any fees or costs associated with comparing its records or verifying a match with the Death Master File.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 632.63 of the statutes is created to read:

2 **632.63 Unclaimed life insurance and annuities. (1) DEFINITIONS.** In this
3 section:

4 (a) “Contract” means an annuity contract. “Contract” shall not include an
5 annuity used to fund an employment-based retirement plan or program where the
6 insurer does not perform the record-keeping services or the insurer is not committed
7 by terms of the annuity contract to pay death benefits to the beneficiaries of specific
8 plan participants.

9 (b) “Death master file” means the federal social security administration’s death
10 master file or any other database or service that is at least as comprehensive as the
11 federal social security administration’s death master file for determining that a
12 person has reportedly died.

13 (c) “Death master file match” means a search of the death master file that
14 results in a match of a person’s name and social security number or the name and
15 date of birth.

16 (d) “Knowledge of death” means one of the following:

- 17 1. Receipt of an original or valid copy of a certified death certificate.
18 2. A death master file match validated by the insurer in accordance with sub.

19 (2) (a) 1. a.

20 (e) “Person” means an insured, contract owner, or retained asset account
21 holder.

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1 (f) "Policy" means any policy or certificate of life insurance that provides a death
2 benefit. "Policy" does not include any of the following

3 1. A policy or certificate of life insurance that provides a death benefit under
4 an employee benefit plan subject to the Employee Retirement Income Security Act
5 of 1974 or under any federal employee benefit program.

6 2. A policy or certificate of life insurance that is used to fund a preneed funeral
7 contract or prearrangement.

8 3. A policy or certificate of credit life or accidental death insurance.

9 4. A policy issued to a group master policyholder for which the insurer does not
10 provide record-keeping services.

11 (g) "Record-keeping services" means those circumstances under which the
12 insurer has agreed with a group policy or contract customer to be responsible for
13 obtaining, maintaining, and administering in its own or its agents' systems
14 information about each individual insured under an insured's group insurance
15 contract, or a line of coverage thereunder, at least the following information:

16 1. Social security number or name and date of birth.

17 2. Beneficiary designation information.

18 3. Coverage eligibility.

19 4. Benefit amount.

20 5. Premium payment status.

21 (h) "Retained asset account" means any mechanism whereby the settlement of
22 proceeds payable under a policy or contract is accomplished by the insurer or an
23 entity acting on behalf of the insurer depositing the proceeds into an account with
24 check or draft writing privileges, where those proceeds are retained by the insurer

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1 or its agent, pursuant to a supplementary contract not involving annuity benefits
2 other than death benefits.

3 (2) INSURER CONDUCT. (a) An insurer shall perform a comparison of its insureds'
4 in-force policies, contracts, and retained asset accounts against a death master file,
5 on at least a semi-annual basis, by using the full death master file once, and
6 thereafter using the death master file update files for future comparisons, to identify
7 potential matches of its insureds. For those potential matches identified as a result
8 of a death master file match, the insurer shall do all of the following:

9 1. Within 90 days of a death master file match:

10 a. Complete a good faith effort, which shall be documented by the insurer, to
11 confirm the death of the insured or retained asset account holder against other
12 available records and information.

13 b. Determine whether benefits are due in accordance with the applicable policy
14 or contract.

15 2. If benefits are due in accordance with the applicable policy or contract:

16 a. Use good faith efforts, which shall be documented by the insurer, to locate
17 the beneficiary or beneficiaries.

18 b. Provide the appropriate claims forms or instructions to the beneficiary or
19 beneficiaries to make a claim, including the need to provide an official death
20 certificate, if applicable under the policy or contract.

21 (b) With respect to group life insurance, insurers are required to confirm the
22 possible death of an insured when the insurers maintain at least the following
23 information of those covered under a policy or certificate:

24 1. Social security number or name and date of birth.

25 2. Beneficiary designation information.

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1 3. Coverage eligibility.

2 4. Benefit amount.

3 5. Premium payment status.

4 (c) Every insurer shall implement procedures to account for all of the following:

5 1. Initials used in lieu of a first or middle name, use of a middle name,
6 compound first and middle names, and interchanged first and middle names.

7 2. Compound last names; maiden or married names; and hyphens, blank
8 spaces, or apostrophes in last names.

9 3. Transposition of the month and date portions of the date of birth.

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

14 (e) The insurer comparison of in-force policies, contracts, and retained asset
15 accounts shall be conducted first to the extent that such records are available
16 electronically and then using the most easily accessible insurer records for records
17 that are not available electronically.

18 (f) Nothing in this section shall limit the insurer from requesting a valid death
19 certificate as part of any claims validation process.

20 **(3) FEES AND COSTS.** An insurer or its service provider shall not charge any
21 beneficiary or other authorized representative for any fees or costs associated with
22 a death master file search or verification of a death master file match conducted
23 pursuant to this section.

24 **(4) PAYMENT OF BENEFITS.** The benefits from a policy, contract, or a retained
25 asset account, plus any applicable accrued contractual interest, shall first be payable

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1 to the designated beneficiaries or owners and, in the event said beneficiaries or
2 owners cannot be found, shall escheat to the state as unclaimed property under ch.
3 177. Interest payable under s. 628.46 shall not be payable as unclaimed property
4 under s. 177.07.

5 (5) UNCLAIMED PROCEEDS. An insurer shall report and remit unclaimed
6 insurance proceeds in accordance with the requirements of ch. 177.

7 (6) UNFAIR MARKETING PRACTICES. Failure to meet any requirement of this
8 section with such frequency as to constitute a general business practice is a violation
9 of s. 628.34. Nothing in this section shall be construed to create or imply a private
10 cause of action for a violation of this section.

11 (7) ORDERS. The commissioner may make an order regarding any of the
12 following:

13 (a) Limiting an insurer's death master file comparisons required under sub. (2)
14 (a) to the insurer's electronic searchable files or approving a plan and timeline for
15 conversion of the insurer's files to electronic searchable files.

16 (b) Exempting an insurer from the death master file comparisons required
17 under sub. (2) (a) or permitting an insurer to perform such comparisons less
18 frequently than semi-annually upon a demonstration of hardship by the insurer.

19 (c) Phasing in compliance with this section according to a plan and timeline
20 approved by the commissioner.

21 (8) RULES. The commissioner may adopt rules implementing and
22 administering this section.

23 **SECTION 2. Effective date.**

