

**House File 2333 - Introduced**

HOUSE FILE 2333  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 516)

**A BILL FOR**

1 An Act relating to unclaimed life insurance death benefits,  
2 providing penalties, and including effective date  
3 provisions.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 507B.4C Unclaimed life insurance.

2 1. *Purpose.* The purpose of this section is to  
3 require complete and proper disclosure, transparency, and  
4 accountability relating to any method of payment for life  
5 insurance death benefits regulated by the commissioner.

6 2. *Definitions.* As used in this section, unless the context  
7 otherwise requires:

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

10 b. "*Annuity*" means an annuity contract issued in this state.  
11 "*Annuity*" does not include any annuity contract used to fund an  
12 employment-based retirement plan or program where the insurer  
13 takes direction from the plan sponsor or plan administrator.

14 c. "*Authorized person*" means a policy owner, insured,  
15 annuity owner, annuitant, or account holder, as applicable  
16 under a policy, annuity, or retained asset account.

17 d. "*Death master file*" means the United States social  
18 security administration's death master file or any other  
19 database or service that is at least as comprehensive as the  
20 United States social security administration's death master  
21 file for determining that a person has died.

22 e. "*Death master file match*" means a search of the death  
23 master file that results in a match of an authorized person's  
24 name and social security number or an authorized person's name  
25 and date of birth.

26 f. "*Insurer*" means a life insurance company regulated under  
27 chapter 508.

28 g. "*Policy*" means any policy or certificate of life  
29 insurance issued in this state. "*Policy*" does not include any  
30 of the following:

31 (1) A policy or certificate of life insurance which provides  
32 a death benefit under an employee benefit plan subject to the  
33 federal Employee Retirement Income Security Act of 1974, Pub.  
34 L. No. 93-406, as codified at 29 U.S.C. §1002 et seq.

35 (2) A policy or certificate of life insurance which provides

1 a death benefit under an employee benefit plan subject to a  
2 federal employee benefit program.

3 (3) A policy or certificate of life insurance which is  
4 used to fund a preneed plan for cemetery merchandise, funeral  
5 merchandise, funeral services, or a combination thereof.

6 (4) A policy or certificate of credit life or accidental  
7 death insurance.

8 (5) A policy issued to a group master policyowner for which  
9 the insurer does not provide recordkeeping services.

10 *h. "Recordkeeping services"* means services provided by an  
11 insurer who has entered into an agreement with a group policy  
12 customer to be responsible for obtaining, maintaining, and  
13 administering in the insurer's own recordkeeping systems at  
14 least all of the following information about each individual  
15 insured under the insured's group insurance contract or a line  
16 of coverage thereunder:

17 (1) Social security number or name and date of birth.

18 (2) Beneficiary designation information.

19 (3) Coverage eligibility.

20 (4) Benefit amount.

21 (5) Premium payment status.

22 *i. "Retained asset account"* means an interest-bearing  
23 account set up by an insurer in the name of the beneficiary of a  
24 policy or annuity upon the death of the insured.

25 3. *Insurer duties.*

26 *a.* For any in-force policy, annuity, or retained asset  
27 account issued for delivery in this state for which the insurer  
28 has not previously been notified of a claim, an insurer shall  
29 perform a comparison of such policy, annuity, or retained asset  
30 account against the death master file, on at least a semiannual  
31 basis, to identify potential death master file matches.

32 (1) An insurer may comply with the requirements of this  
33 subsection by using the full death master file for the initial  
34 comparison and thereafter using the death master file update  
35 files for subsequent comparisons.

1 (2) Nothing in this section shall be interpreted to limit  
2 the right of an insurer to request a valid death certificate as  
3 part of any claims validation process.

4 *b.* If an insurer learns of the possible death of an  
5 authorized person through a death master file match or  
6 otherwise, the insurer shall, within ninety days, do all of the  
7 following:

8 (1) Complete a good faith effort, which shall be documented  
9 by the insurer, to confirm the death of the authorized person  
10 against other available records and information.

11 (2) Review the insurer's records to determine whether the  
12 deceased authorized person had purchased any other products  
13 from the insurer.

14 (3) Determine whether benefits may be due in accordance with  
15 the applicable policy, annuity, or retained asset account.

16 (4) If the beneficiary or an authorized person has not  
17 communicated with the insurer within the ninety-day period,  
18 take reasonable steps, which shall be documented by the  
19 insurer, to locate and contact any beneficiary or other  
20 authorized person on the policy, annuity, or retained asset  
21 account, including sending the beneficiary or other authorized  
22 person information regarding the insurer's claims process and  
23 regarding the need to provide an official death certificate,  
24 if applicable under the policy, annuity, or retained asset  
25 account.

26 *c.* Every insurer shall implement procedures to account for  
27 all of the following:

28 (1) Common nicknames, initials used in lieu of a first or  
29 middle name, use of a middle name, compound first and middle  
30 names, and interchanged first and middle names.

31 (2) Compound last names, maiden or married names, and  
32 hyphens, blank spaces, or apostrophes in last names.

33 (3) Transposition of the month and date portions of the date  
34 of birth.

35 (4) Incomplete social security numbers.

1     *d.* An insurer may disclose minimum necessary personal  
2 information about a beneficiary or authorized person to an  
3 individual or entity whom the insurer reasonably believes may  
4 be able to assist the insurer in locating the beneficiary or  
5 authorized person entitled to payment of the claims proceeds.

6     *e.* An insurer or its service provider shall not charge a  
7 beneficiary or authorized person any fees or costs associated  
8 with a death master file search conducted pursuant to this  
9 section.

10    *f.* The benefits from a policy, annuity, or retained asset  
11 account, plus any applicable accrued interest, shall first be  
12 payable to designated beneficiaries or authorized persons,  
13 and in the event that the beneficiaries or authorized persons  
14 cannot be found, shall be reported and remitted to the state as  
15 unclaimed property pursuant to chapters 556 and 633.

16    4. *Rules.* The commissioner shall adopt rules to administer  
17 the provisions of this section.

18    5. *Orders.* The commissioner may issue an order doing any  
19 of the following:

20     *a.* Limiting the death master file comparisons required  
21 under subsection 3, paragraph "a", to an insurer's electronic  
22 searchable files or approving a plan and timeline for  
23 conversion of an insurer's files to electronic searchable  
24 files.

25     *b.* Exempting an insurer from the death master file  
26 comparisons required under subsection 3, paragraph "a",  
27 or permitting an insurer to perform such comparisons less  
28 frequently than semiannually upon a demonstration of financial  
29 hardship by the insurer.

30     *c.* Phasing in requirements for compliance with this section  
31 according to a plan and timeline approved by the commissioner.

32    6. *Unfair trade practice.* Failure to meet any requirement  
33 of this section with such frequency as to constitute a general  
34 business practice is an unfair method of competition and  
35 an unfair or deceptive act or practice in the business of

1 insurance under this chapter.

2 7. *Insurer unclaimed property reporting.*

3 a. If an insurer identifies a person as deceased through  
4 a death master file match as described in subsection 3,  
5 paragraph "a", or other information source, and validates such  
6 information through a secondary information source, the insurer  
7 may report and remit the proceeds of the policy, annuity, or  
8 retained asset account due to the state prior to the dates  
9 required for such reporting and remittance under chapter 556,  
10 without further notice to or consent by the state, after  
11 attempting to contact any beneficiary under either of the  
12 following circumstances:

13 (1) The insurer is unable to locate a beneficiary who is  
14 located in this state under the policy, annuity contract, or  
15 retained asset account, after conducting reasonable search  
16 efforts of up to one year after the insurer's validation of the  
17 death master file match.

18 (2) No beneficiary or person, as applicable for unclaimed  
19 property reporting purposes under chapter 556, has a last known  
20 address in this state.

21 b. Once the insurer has reported upon and remitted the  
22 proceeds of the policy, annuity, or retained asset account to  
23 the state pursuant to chapter 556, the insurer is relieved  
24 from any and all additional liability to any beneficiary or  
25 authorized person relating to the proceeds reported upon and  
26 remitted.

27 Sec. 2. EFFECTIVE DATE. This Act takes effect July 1, 2015.

28 EXPLANATION

29 The inclusion of this explanation does not constitute agreement with  
30 the explanation's substance by the members of the general assembly.

31 This bill relates to unclaimed life insurance death  
32 benefits. The purpose of the bill is to require complete and  
33 proper disclosure, transparency, and accountability relating  
34 to any method of payment for life insurance death benefits  
35 regulated by the commissioner of insurance.

1 New Code section 507B.4C requires that for in-force life  
2 insurance policies, annuities, and retained asset accounts  
3 issued for delivery in this state, insurers must perform a  
4 comparison of such documents against the United States social  
5 security administration's death master file or file updates  
6 at least semiannually to determine whether any policy owners,  
7 insureds, annuity owners, annuitants, or account holders have  
8 died. If an insurer learns of the possible death of such  
9 a person, the insurer has 90 days to complete a good faith  
10 effort to confirm the death against other available records  
11 and information, review the insurer's records to see if the  
12 deceased authorized person had purchased any other products  
13 from the insurer, determine whether benefits are due, and take  
14 reasonable steps to locate and contact any beneficiary or other  
15 authorized person on the policy, annuity, or retained asset  
16 account.

17 An insurer may disclose minimum necessary personal  
18 information to individuals or entities who may be able to  
19 assist in locating a beneficiary or other authorized person  
20 entitled to payment of the claims proceeds. An insurer  
21 shall not charge a beneficiary or other authorized person any  
22 fees or costs associated with conducting a death master file  
23 search. The claims proceeds shall first be payable to the  
24 designated beneficiaries or authorized persons and if they  
25 cannot be found, shall be reported and remitted to the state as  
26 unclaimed property pursuant to Code chapters 556 (disposition  
27 of unclaimed property) and 633 (probate code).

28 The insurance commissioner may adopt rules to implement the  
29 provisions of the new Code section. The commissioner may issue  
30 orders limiting the number of death master file comparisons  
31 that an insurer is required to make and approving a plan and  
32 timeline for conversion of the insurer's files to electronic  
33 searchable files, exempting an insurer from the death master  
34 file comparisons required or permitting an insurer to perform  
35 such comparisons less frequently upon a demonstration of

1 financial hardship, or phasing in requirements for compliance  
2 with the new requirements according to a plan and timeline  
3 approved by the commissioner.

4 Failure to meet any of the new requirements with such  
5 frequency as to constitute a general business practice is an  
6 unfair method of competition and an unfair or deceptive act  
7 or practice in the business of insurance and is punishable,  
8 after notice and a hearing, by a summary cease and desist  
9 order, imposition of a civil penalty of not more than \$1,000  
10 for each violation, but not exceeding an aggregate of \$10,000,  
11 suspension or revocation of applicable licenses, and a penalty  
12 of not more than \$10,000 for each violation of a cease and  
13 desist order.

14 If an insurer identifies a person as deceased through a death  
15 master file match or other information source, and validates  
16 such information through a secondary source, the insurer may  
17 report and remit the proceeds due to the state prior to the  
18 three-year period set forth in Code chapter 556 pertaining  
19 to disposition of unclaimed property, without further notice  
20 to or consent by the state, after attempting to contact any  
21 beneficiary under either of the following circumstances: (1)  
22 the insurer is unable to locate a beneficiary who is located  
23 in this state under the policy, annuity, or retained asset  
24 account, after conducting reasonable search efforts of up to  
25 one year, or (2) no beneficiary or other person, as applicable  
26 for unclaimed property reporting purposes, has a last known  
27 address in the state. An insurer who reports on and remits  
28 such proceeds in this manner is relieved from any and all  
29 additional liability relating to the proceeds.

30 The bill takes effect July 1, 2015.