

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 1403

PRINTER NO. 3934

AMOUNT

No Fiscal Impact

FUND

Insurance Reg. & Oversight Fund

DATE INTRODUCED

June 25, 2015

PRIME SPONSOR

Representative M. Quinn

DESCRIPTION AND PURPOSE OF BILL

House Bill 1403 amends Title 40 (Insurance) to add a new chapter providing for unclaimed life insurance benefits.

HB 1403 creates Chapter 37 under Title 40 (Insurance) to require the complete and proper disclosure, transparency and accountability relating to a method of payment for life insurance death benefits regulated by the Insurance Department ("Department").

Requires insurers to compare their in-force life insurance policies, contracts and retained asset accounts against the Social Security Death Master File on a semiannual basis to identify potential matches for its insureds.

Within the 90 days of a match the insurer shall in good faith attempt to confirm the death of the insured and locate potential beneficiaries. An insurer or service provider may not charge an insured for costs associated with performing the search or verification.

The benefits from a policy, contract or retained asset account, plus applicable accrued contractual interest, shall first be paid to the designated beneficiaries or owners. If a beneficiary cannot be found, the benefits shall escheat to the Commonwealth.

A group life insurer shall confirm the possible death of an insured if the insurer maintains the following information regarding those covered under a policy: Social Security number or name and date of birth; beneficiary designation information; coverage eligibility; benefit amount; and premium payment status.

At the written request of an insurer, the Insurance Commissioner ("Commissioner") may make an order to:

- Limit the insurer's death master file comparisons to the insurer's electronic searchable files or approve a plan and timeline for conversion of the files to searchable electronic files upon a demonstration of hardship by the insurer.
- Exempt the insurer from the death master file comparisons or permit the insurer to perform the comparisons less frequently than annually.
- Phase in compliance according to a plan approved by the Commissioner.

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This chapter does not apply to:

- An annuity contract that does not require the insurer to pay benefits to the beneficiary of the policy.
- A policy that provides a death benefit under ERISA.
- A Federal employee benefit program.
- A policy to fund funeral or burial services.
- A policy of credit life insurance or health and accident insurance.

Upon a determination by hearing that an insurer has violated this chapter, the Commissioner may issue an order requiring the insurer to cease and desist from engaging in the violation or suspend, revoke or refuse to issue the certification of qualification or license of the offending insurer. The Commissioner may also pursue a civil penalty of not more than \$5,000 for each violation.

Authorizes the Commissioner to promulgate rules and regulations to administer this chapter.

This act shall take effect in 360 days.

FISCAL IMPACT:

House Bill 1403 will have no fiscal impact to the Commonwealth.