
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1937 Session of
2014

INTRODUCED BY QUINN, BARRAR, BOBACK, V. BROWN, CALTAGIRONE,
CARROLL, CLYMER, COHEN, CUTLER, M. DALEY, DeLUCA, EVERETT,
FARRY, FLECK, FREEMAN, GILLEN, GINGRICH, HESS, KORTZ, KULA,
MILLARD, R. MILLER, MURT, PAINTER, PETRI, PICKETT, READSHAW
AND SWANGER, JANUARY 6, 2014

REFERRED TO COMMITTEE ON INSURANCE, JANUARY 6, 2014

AN ACT

1 Amending the act of May 17, 1921 (P.L.789, No.285), entitled, as
2 amended, "An act relating to insurance; establishing an
3 insurance department; and amending, revising, and
4 consolidating the law relating to the licensing,
5 qualification, regulation, examination, suspension, and
6 dissolution of insurance companies, Lloyds associations,
7 reciprocal and inter-insurance exchanges, and certain
8 societies and orders, the examination and regulation of fire
9 insurance rating bureaus, and the licensing and regulation of
10 insurance agents and brokers; the service of legal process
11 upon foreign insurance companies, associations or exchanges;
12 providing penalties, and repealing existing laws," providing
13 for unclaimed life insurance benefits.

14 The General Assembly of the Commonwealth of Pennsylvania
15 hereby enacts as follows:

16 Section 1. The act of May 17, 1921 (P.L.789, No.285), known
17 as The Insurance Department Act of 1921, is amended by adding an
18 article to read:

19 ARTICLE VI-B

20 UNCLAIMED LIFE INSURANCE BENEFITS

21 Section 601-B. Purpose.

22 The purpose of this article is to require all of the

1 following:

2 (1) Recognition of Article XIII.1 of the act of April 9,
3 1929 (P.L.343, No.176), known as The Fiscal Code.

4 (2) The complete and proper disclosure, transparency and
5 accountability relating to a method of payment for life
6 insurance death benefits regulated by the Insurance
7 Department.

8 Section 602-B. Definitions.

9 The following words and phrases when used in this article
10 shall have the meanings given to them in this section unless the
11 context clearly indicates otherwise:

12 "Beneficiary." A person designated to receive the proceeds
13 from a life insurance policy or retained asset account.

14 "Death master index." The Social Security Administration's
15 Death Master File or its equivalent for determining that an
16 individual has reportedly died.

17 "Death master index match." A search of the death master
18 index that results in a match of the Social Security number or
19 the name and date of birth of an insured, annuity owner or
20 retained asset account holder.

21 "Department." The Insurance Department of the Commonwealth.

22 "Insured." An individual covered by a life insurance policy.

23 "Insurer." A person licensed in this Commonwealth to sell
24 life insurance policies or annuity contracts as any of the
25 following:

26 (1) A single insurance entity.

27 (2) An insurer under a parent organization that sells
28 annuities using a different charter.

29 "Policy." A policy or certificate of life insurance that
30 provides a death benefit.

1 "Retained asset account." A mechanism by which:

2 (1) The settlement of proceeds payable under a life
3 insurance policy or the payment of cash surrender value is
4 accomplished by the insurer or an entity acting on behalf of
5 the insurer depositing the proceeds into a transaction
6 account.

7 (2) The proceeds under paragraph (1) are retained by the
8 insurer, pursuant to a supplementary contract.

9 Section 603-B. Death master index comparison.

10 (a) Comparison.--Except as provided for in subsection (b),
11 an insurer that utilizes a death master index to determine if an
12 insurer's annuity owner is deceased shall implement procedures
13 for performing a comparison of its insureds' in-force life
14 insurance policies and retained asset accounts against the same
15 death master index, on at least a quarterly basis, using
16 criteria reasonably designed to identify potential matches. For
17 a potential match identified as a result of a death master index
18 match, all of the following apply:

19 (1) No later than 45 days from the identification, the
20 insurer shall make a good faith effort to confirm the death
21 of the insured or retained asset account holder against other
22 available records and information. The effort shall be
23 documented by the insurer.

24 (2) No later than 15 days from a confirmation of death
25 or notification of death from another source and a
26 determination that the benefits are due in accordance with
27 the policy or retained asset account, the insurer shall:

28 (i) make a good faith effort to locate the
29 beneficiary, which shall be documented by the insurer;
30 and

1 (ii) provide the appropriate claims forms or
2 instructions to the beneficiary to make a claim.

3 (b) Exception.--An insurer may not require additional proof
4 of a loss or notification of a claim under subsection (a) when
5 it has actual knowledge that the insured or retained asset
6 account holder has died.

7 (c) Costs.--An insurer may not charge an insured, a retained
8 asset account holder or a beneficiary, either directly or
9 indirectly, for costs associated with a search or verification
10 conducted in accordance with subsection (a).

11 (d) Payment.--The benefits from a policy or retained asset
12 account, plus accrued interest, shall be paid to the
13 beneficiary. If the beneficiary cannot be found, the benefits
14 shall escheat to the Commonwealth as unclaimed property pursuant
15 to Article XIII.1 of the act of April 9, 1929 (P.L.343, No.176),
16 known as The Fiscal Code.
17 Section 604-B. Notice of unclaimed policy benefits.

18 (a) Notice.--An insurer shall notify the department and the
19 State Treasurer upon the expiration of the statutory time period
20 for escheat that:

21 (1) the beneficiary has not submitted a claim with the
22 insurer; or

23 (2) the insurer has complied with section 603-B and has
24 been unable, after a good faith effort documented by the
25 insurer, to contact the beneficiary.

26 (b) Submission.--Upon issuing notice under subsection (a),
27 an insurer shall immediately submit the unclaimed policy, plus
28 any applicable accrued interest, to the State Treasurer.

29 Section 605-B. Applicability.

30 This article may not apply to all of the following:

1 (1) An annuity contract that does not require the
2 insurer to pay benefits to the beneficiary of the policy.

3 (2) A policy that provides a death benefit under the
4 Employee Retirement Income Security Act of 1974 (Public Law
5 93-406, 88 Stat. 829).

6 (3) A Federal employee benefit program.

7 (4) A policy to fund funeral or burial services.

8 (5) A policy of credit life insurance or health and
9 accident insurance.

10 Section 606-B. Unfair trade practices.

11 Failure to meet a requirement of this article is a violation
12 of the act of December 17, 1968 (P.L.1224, No.387), known as the
13 Unfair Trade Practices and Consumer Protection Law.

14 Section 2. This act shall take effect in 60 days.