

Dear Senators MCKENZIE, Davis, Stennett, and
Representatives LOERTSCHER, Batt, Smith:

The Legislative Services Office, Research and Legislation, has received the enclosed rules of the
Office of the State Treasurer:

IDAPA 54.03.01 - Unclaimed Property Administrative Rules (Docket No. 54-0301-1401) -
Temporary and Proposed Rule.

Pursuant to Section 67-454, Idaho Code, a meeting on the enclosed rules may be called by the
cochairmen or by two (2) or more members of the subcommittee giving oral or written notice to Research
and Legislation no later than fourteen (14) days after receipt of the rules' analysis from Legislative
Services. The final date to call a meeting on the enclosed rules is no later than 08/22/2014. If a meeting is
called, the subcommittee must hold the meeting within forty-two (42) days of receipt of the rules' analysis
from Legislative Services. The final date to hold a meeting on the enclosed rules is 09/19/2014.

The germane joint subcommittee may request a statement of economic impact with respect to a
proposed rule by notifying Research and Legislation. There is no time limit on requesting this statement,
and it may be requested whether or not a meeting on the proposed rule is called or after a meeting has
been held.

To notify Research and Legislation, call 334-4834, or send a written request to the address on the
memorandum attached below.



Jeff Youtz
Director

Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

MEMORANDUM

TO: Rules Review Subcommittee of the Senate State Affairs Committee and the House State Affairs Committee
FROM: Legislative Research Analyst - Elizabeth Bowen
DATE: August 05, 2014
SUBJECT: Office of the State Treasurer

IDAPA 54.03.01 - Unclaimed Property Administrative Rules (Docket No. 54-0301-1401) - Temporary and Proposed Rule

The Office of the State Treasurer submits notice of temporary and proposed rulemaking at IDAPA 54.03.01. The temporary and proposed rule defines: a) when an insurance company has knowledge that a policy holder has died, and b) when the period of determining if benefits are unclaimed begins to run. Additionally, the rule requires insurance companies to make a good faith effort to confirm the death of a policyholder after receiving notice that the holder may have died.

The effective date of the rule is June 15, 2014. There is no negative fiscal impact on the state general fund. The State Treasurer did not conduct negotiated rulemaking but states that the Governor has found temporary adoption of the rule appropriate because the rule is necessary to protect the property of Idahoans who are unaware that they are beneficiaries of a life insurance policy or annuity. The temporary and proposed rule is consistent with the State Treasurer's rulemaking authority under Section 14-539, Idaho Code.

cc: Office of the State Treasurer
Ms. Cozette Walters

IDAPA 54 - OFFICE OF THE STATE TREASURER

54.03.01- IDAHO UNCLAIMED PROPERTY ADMINISTRATIVE RULES

DOCKET NO. 54-0301-1401

NOTICE OF RULEMAKING - TEMPORARY AND PROPOSED RULE

EFFECTIVE DATE: The effective date of the temporary rule is June 15, 2014.

AUTHORITY: In compliance with Sections 67-5221(1) and 67-5226, Idaho Code, notice is hereby given that this agency has adopted a temporary rule, and proposed rulemaking procedures have been initiated. The action is authorized pursuant to Section 14-539, Idaho Code.

PUBLIC HEARING SCHEDULE: Public hearing(s) concerning this rulemaking will be scheduled if requested in writing by twenty-five (25) persons, a political subdivision, or an agency, not later than August 20, 2014.

The hearing site(s) will be accessible to persons with disabilities. Requests for accommodation must be made not later than five (5) days prior to the hearing, to the agency address below.

DESCRIPTIVE SUMMARY: The following is the required finding and concise statement of its supporting reasons for adopting a temporary rule and a nontechnical explanation of the substance and purpose of the proposed rulemaking:

The rule defines when an insurer has knowledge that an individual has died and when the period for determining if benefits are unclaimed begins to run.

TEMPORARY RULE JUSTIFICATION: Pursuant to Section 67-5226(1)(c), Idaho Code, the Governor has found that temporary adoption of the rule is appropriate for the following reasons:

Many life insurance policy and annuity benefits go unclaimed because the beneficiary is unaware of the policy or contract. The unclaimed property laws are in place to provide a centralized location for holders of unclaimed property to deposit the property and for the rightful owner to search for and discover property. Several life insurance and annuity companies have taken the position that they do not have to transfer unclaimed policy and contract benefits under the Idaho unclaimed property laws because they do not know of the policy holder's death until they receive certification of death or because the time period for abandonment does not run until they receive such certification. In the meantime, the insurers hold and invest the policy benefits for their own account and do not take any action to locate a beneficiary. This is contrary to the public policy on which the unclaimed property laws are based. A temporary rule is necessary to define when the company knows of a death and to specify when the period of abandonment begins to run. The temporary rule will result in the inclusion of benefits long past their payable date on the list of unclaimed property and provide an immediate benefit to Idahoans who are unaware that the policies and contracts exist.

FEE SUMMARY: The following is a specific description of the fee or charge imposed or increased: None.

FISCAL IMPACT: The following is a specific description, if applicable, of any negative fiscal impact on the state general fund greater than ten thousand dollars (\$10,000) during the fiscal year:

No general funds are used for the unclaimed property program. Additional unclaimed property will be located due to the rule change and held for the rightful owners pursuant to title 14, chapter 5, Idaho Code. A limited amount of interest is earned on unclaimed property held by the Treasurer and retained in the general fund. The addition of unclaimed life insurance benefits under this rule will not generate sufficient income to produce a fiscal impact.

NEGOTIATED RULEMAKING: Pursuant to Section 67-5220(2), Idaho Code, negotiated rulemaking was not conducted because of the need for temporary rulemaking. The Office of the Treasurer will request and consider comments on the proposed rule. The temporary rule is a compromise position between the proposal of the Uniform Law Commission requiring insurers check the Social Security Administration Master Death File and the insurer's position that they can hold and invest the policy benefits for their own account until they receive a death certificate. The Treasurer believes the compromise is reasonable for both the public and the insurers and appropriate for a temporary rule.

INCORPORATION BY REFERENCE: Pursuant to Section 67-5229(2)(a), Idaho Code, the following is a brief synopsis of why the materials cited are being incorporated by reference into this rule: NA

ASSISTANCE ON TECHNICAL QUESTIONS, SUBMISSION OF WRITTEN COMMENTS: For assistance on technical questions concerning the temporary and proposed rule, contact Audra Fink, Program Specialist, at (208) 332-2978.

Anyone may submit written comments regarding the proposed rulemaking. All written comments must be directed to the undersigned and must be delivered on or before August 27, 2014.

DATED this 19th day of June, 2014.

Ron Crane
Idaho State Treasurer
Office of the State Treasurer
700 W. Jefferson St., Ste. 126
P. O. Box 83720
Boise, ID 83720-0091
Phone: (208) 332-2950
Fax: (208) 332-2970

**THE FOLLOWING IS THE TEMPORARY RULE AND THE PROPOSED TEXT
OF DOCKET NO. 54-0301-1401
(Only those Sections being amended are shown.)**

022. LIFE AND ENDOWMENT INSURANCE POLICIES AND ANNUITY CONTRACTS.

01. Dormancy Period. Funds are presumed abandoned if the period during which funds are unclaimed meets or exceeds the period set forth in Section 14-507(1), Idaho Code. The period during which funds are unclaimed shall begin to run on the occurrence of the maturity or termination date. For the purposes of Section 14-507, Idaho Code, the maturity or termination date shall be as follows: (6-15-14)T

a. If the policy or contract specifies a maturity date other than the date of death of the insured or annuitant, the date specified in the contract or policy; (6-15-14)T

b. If the policy or contract is matured or otherwise becomes due and payable on the death of the insured or annuitant, the earlier of: (6-15-14)T

i. The date of death of the insured or annuitant; or (6-15-14)T

ii. The date the insured or annuitant attained, or would have attained, the limiting age pursuant to Section 14-507(3)(b), Idaho Code. (6-15-14)T

c. If the policy or contract is matured or terminated by any cause or event other than those set forth in Paragraphs 022.01.a. and 01.b. of this rule, the date of such cause or event. (6-15-14)T

02. Knowledge of Death. (6-15-14)T

a. For the purposes of Section 14-507(3), Idaho Code, the occurrence of one (1) of the following shall

mean that an insurance company holding or owing funds knows the insured or annuitant has died: (6-15-14)T

i. The insurance company has received actual proof of death from any source; (6-15-14)T

ii. The State Treasurer or its agent has notified the insurance company that the insured or annuitant may have died and the insurance company has confirmed such death; (6-15-14)T

iii. A person appearing to have an interest in the policy or contract has notified the insurance company that the insured or annuitant may have died and the insurance company has confirmed such death; or (6-15-14)T

iv. The insurance company receives notice in the regular course of its business that the insured or annuitant may have died and the insurance company has confirmed such death. (6-15-14)T

b. Upon receipt of notice that an insured or annuitant may have died, the insurance company shall, within ninety (90) days of such notice, make a good faith effort to confirm the death. A good faith effort shall include use of the methods utilized by the insurance company in the regular course of its business to determine that an insured or annuitant has died. (6-15-14)T

0223. -- 999. (RESERVED)