

IN THE SENATE

SENATE BILL NO. 1023

BY COMMERCE AND HUMAN RESOURCES COMMITTEE

AN ACT

1 RELATING TO INSURANCE; AMENDING TITLE 41, IDAHO CODE, BY THE ADDITION OF A
2 NEW CHAPTER 30, TITLE 41, IDAHO CODE, TO PROVIDE DEFINITIONS, TO PROVIDE
3 FOR INSURER CONDUCT AND TO PROVIDE FOR UNFAIR TRADE PRACTICE; AND PRO-
4 VIDING AN EFFECTIVE DATE.
5

6 Be It Enacted by the Legislature of the State of Idaho:

7 SECTION 1. That Title 41, Idaho Code, be, and the same is hereby amended
8 by the addition thereto of a NEW CHAPTER, to be known and designated as Chap-
9 ter 30, Title 41, Idaho Code, and to read as follows:

10 CHAPTER 30

11 IDAHO UNCLAIMED LIFE INSURANCE BENEFITS ACT

12 41-3001. DEFINITIONS. As used in this chapter:

13 (1) "Contract" means an annuity contract. The term "contract" shall
14 not include an annuity used to fund an employment-based retirement plan or
15 program where:

16 (a) The insurer does not perform the recordkeeping services; or

17 (b) The insurer is not committed by terms of the annuity contract to pay
18 death benefits to the beneficiaries of specific plan participants.

19 (2) "Death master file" means the United States social security ad-
20 ministration's death master file or any other database or service that is
21 at least as comprehensive as the United States social security administra-
22 tion's death master file for determining that a person has reportedly died.

23 (3) "Death master file match" means a search of the death master file
24 that results in a match of the social security number or the name and date of
25 birth of an insured, annuity owner or retained asset account holder.

26 (4) "Knowledge of death" means:

27 (a) Receipt of an original or valid copy of a certified death certifi-
28 cate; or

29 (b) A death master file match validated by the insurer in accordance
30 with section 41-3002, Idaho Code.

31 (5) "Policy" means any policy or certificate of life insurance that
32 provides a death benefit. The term "policy" shall not include:

33 (a) Any policy or certificate of life insurance that provides a death
34 benefit under an employee benefit plan that is:

35 (i) Subject to the employee retirement income security act of
36 1974, 29 U.S.C. section 1002, as periodically amended; or

37 (ii) Under any federal employee benefit program;

38 (b) Any policy or certificate of life insurance that is used to fund a
39 preneed funeral contract or prearrangement;

40 (c) Any policy or certificate of credit life or accidental death insur-
41 ance; or

1 (d) Any policy issued to a group master policyholder for which the in-
2 surer does not provide recordkeeping services.

3 (6) "Recordkeeping services" means those circumstances under which the
4 insurer has agreed with a group policy or contract customer to be responsi-
5 ble for obtaining, maintaining and administering in its own or its agents'
6 systems information about each individual insured under an insured's group
7 insurance contract, or a line of coverage thereunder, at least the following
8 information:

9 (a) Social security number or name and date of birth;

10 (b) Beneficiary designation information;

11 (c) Coverage eligibility;

12 (d) Benefit amount; and

13 (e) Premium payment status.

14 (7) "Retained asset account" means any mechanism whereby the settle-
15 ment of proceeds payable under a policy or contract is accomplished by the
16 insurer or an entity acting on behalf of the insurer depositing the proceeds
17 into an account with check or draft writing privileges, where those proceeds
18 are retained by the insurer or its agent, pursuant to a supplementary con-
19 tract not involving annuity benefits other than death benefits.

20 41-3002. INSURER CONDUCT. (1) An insurer shall perform a comparison
21 of its insureds' in-force policies, contracts and retained asset accounts
22 against a death master file, on at least a semiannual basis, by using the
23 full death master file once and thereafter using the death master file up-
24 date files for future comparisons to identify potential matches of its in-
25 sureds. For those potential matches identified as a result of death master
26 file match, the insurer shall:

27 (a) Within ninety (90) days of a death master file match:

28 (i) Complete a good faith effort, which shall be documented by
29 the insurer, to confirm the death of the insured, annuity owner or
30 retained asset account holder against other available records and
31 information;

32 (ii) Determine whether benefits are due in accordance with the ap-
33 plicable policy or contract; and

34 (iii) If benefits are due in accordance with the applicable policy
35 or contract, use good faith efforts, which shall be documented by
36 the insurer, to locate the beneficiary or beneficiaries and pro-
37 vide the appropriate claims forms or instructions to the benefi-
38 ciary or beneficiaries to make a claim including the need to pro-
39 vide an official death certificate, if applicable under the policy
40 or contract.

41 (b) With respect to group life insurance, insurers are required to
42 confirm the possible death of an insured when the insurers maintain at
43 least the following information of those covered under a policy or cer-
44 tificate:

45 (i) Social security number or name and date of birth;

46 (ii) Beneficiary designation information;

47 (iii) Coverage eligibility;

48 (iv) Benefit amount; and

- 1 (v) Premium payment status.
- 2 (c) Every insurer shall implement procedures to account for:
- 3 (i) Common nicknames, initials used in lieu of a first or middle
4 name, use of a middle name, compound first and middle names and in-
5 terchanged first and middle names;
- 6 (ii) Compound last names, maiden or married names and hyphens, and
7 blank spaces or apostrophes in last names;
- 8 (iii) Transposition of the month and date portions of the date of
9 birth; and
- 10 (iv) Incomplete social security number.
- 11 (d) To the extent permitted by law, the insurer may disclose minimum
12 necessary personal information about the insured or beneficiary to a
13 person who the insurer reasonably believes may be able to assist the in-
14 surer locate the beneficiary or a person otherwise entitled to payment
15 of the claims proceeds.
- 16 (2) An insurer or its service provider shall not charge any beneficiary
17 or other authorized representative for any fees or costs associated with a
18 death master file search or verification of a death master file match con-
19 ducted pursuant to this section.
- 20 (3) The benefits from a policy, contract or a retained asset account,
21 plus any applicable accrued contractual interest shall first be payable to
22 the designated beneficiaries or owners and in the event such beneficiaries
23 or owners cannot be found shall escheat to the state as unclaimed property
24 pursuant to section 14-507, Idaho Code. Interest payable under section
25 41-1337, Idaho Code, shall not be payable as unclaimed property under sec-
26 tion 14-507, Idaho Code.
- 27 (4) An insurer shall notify the unclaimed property administrator upon
28 the expiration of the statutory time period for escheat that:
- 29 (a) A policy or contract beneficiary or retained asset account holder
30 has not submitted a claim with the insurer; and
- 31 (b) The insurer has complied with subsection (1) (a) of this section and
32 has been unable, after good faith efforts documented by the insurer, to
33 contact the retained asset account holder, beneficiary or beneficia-
34 ries.
- 35 (5) Upon such notice, an insurer shall immediately submit the unclaimed
36 policy or contract benefits or unclaimed retained asset accounts, plus any
37 applicable accrued interest, to the unclaimed property administrator.

38 41-3003. UNFAIR TRADE PRACTICE. Failure to meet any requirement of
39 this act with such frequency as to constitute a general business practice is
40 a violation of chapter 13, title 41, Idaho Code. Nothing contained in this
41 section shall be construed to create or imply a private cause of action for a
42 violation of this section.

43 SECTION 2. This act shall be in full force and effect on and after July
44 1, 2016.