

HOUSE BILL 797

C4

4r1607
CF SB 690

By: **Delegates Tarrant and Kipke**

Introduced and read first time: February 3, 2014

Assigned to: Health and Government Operations

A BILL ENTITLED

1 AN ACT concerning

2 **Life Insurance and Annuities – Duty to Search Death Master File and Locate**
3 **Beneficiaries**

4 FOR the purpose of altering the applicability of certain provisions of law relating to
5 searches of a certain death master file in connection with certain life insurance
6 policies and annuity contracts issued, delivered, or renewed in the State by
7 certain insurers to exclude a policy of life insurance issued or delivered before a
8 certain date by a certain insurer; requiring certain insurers to establish
9 procedures for periodically contacting certain individuals for a certain purpose;
10 requiring the Maryland Insurance Commissioner, in consultation with certain
11 insurers, to develop and implement, on or before a certain date, a lost policy
12 finder to assist beneficiaries under policies of life insurance in locating
13 unclaimed life insurance benefits; requiring the lost policy finder to be
14 accessible in a certain manner; requiring the Commissioner to assist a requestor
15 with using the lost policy finder; requiring certain insurers to cooperate with
16 the Commissioner in responding to requests for information made through the
17 lost policy finder; defining a certain term; and generally relating to policies of
18 life insurance and annuity contracts.

19 BY repealing and reenacting, with amendments,
20 Article – Insurance
21 Section 16–118
22 Annotated Code of Maryland
23 (2011 Replacement Volume and 2013 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

26 **Article – Insurance**

27 16–118.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) (1) In this section the following words have the meanings indicated.

2 (2) **“ASYMMETRIC CONDUCT” MEANS AN INSURER’S USE OF A**
3 **DEATH MASTER FILE SEARCH IN CONNECTION WITH AN ANNUITY CONTRACT**
4 **BUT NOT IN CONNECTION WITH A POLICY OF LIFE INSURANCE.**

5 [(2)] (3) “Credit life insurance” has the meaning stated in § 13–101 of
6 this article.

7 [(3)] (4) “Death master file” means:

8 (i) the Social Security Administration’s Death Master File; or

9 (ii) any other database or service that is at least as
10 comprehensive as the Social Security Administration’s Death Master File for
11 determining that an individual reportedly has died.

12 [(4)] (5) “Death master file match” means a match, resulting from a
13 search of a death master file, of a Social Security number or a name and date of birth
14 of an individual on the death master file with the Social Security number or the name
15 and date of birth of an insured, annuitant, or retained asset account holder.

16 [(5)] (6) “Pre–need insurance contract” means a life insurance policy
17 or certificate, annuity contract, or other insurance contract that, by assignment or
18 otherwise, has as a purpose the funding of an agreement relating to the purchase or
19 provision of specific funeral or cemetery merchandise or services to be provided at the
20 time of death of an individual.

21 [(6)] (7) “Retained asset account” has the meaning stated in §
22 16–117(a) of this article.

23 (b) This section does not apply to:

24 (1) an annuity contract that:

25 (i) is used to fund an employment–based retirement plan or
26 program; and

27 (ii) does not require the insurer under the annuity contract to
28 pay death benefits to the beneficiaries of specific plan or program participants;

29 (2) a policy or certificate of life insurance that provides a death benefit
30 under:

1 (i) an employee benefit plan subject to the federal Employee
2 Retirement Income Security Act of 1974; or

3 (ii) any federal employee benefit program;

4 (3) a pre-need insurance contract;

5 (4) a policy or certificate of credit life insurance; [or]

6 (5) a policy or certificate of accidental death and dismemberment
7 insurance; OR

8 **(6) A POLICY OF LIFE INSURANCE ISSUED OR DELIVERED IN THE**
9 **STATE BEFORE OCTOBER 1, 2013, BY AN INSURER THAT, BEFORE OCTOBER 1,**
10 **2013, HAD NOT ENGAGED IN ASYMMETRIC CONDUCT.**

11 (c) (1) An insurer that issues, delivers, or renews a policy of life insurance
12 or an annuity contract in the State shall perform a comparison of the insurer's in-force
13 life insurance policies, annuity contracts, and retained asset accounts against the
14 latest version of a death master file to identify any death benefit payments that may
15 be due under the policies, contracts, or retained asset accounts as a result of the death
16 of an insured, annuitant, or retained asset account holder.

17 (2) An insurer shall perform the comparison required under
18 paragraph (1) of this subsection:

19 (i) at regular intervals, on at least a semiannual basis; and

20 (ii) in good faith, using criteria reasonably designed to identify
21 individuals whose death would require the payment of benefits by the insurer under a
22 life insurance policy, annuity contract, or retained asset account.

23 (3) For a group life insurance policy, an insurer is not required to
24 perform the comparison required under paragraph (1) of this subsection unless the
25 insurer provides full record-keeping services to the group life insurance policy holder.

26 (d) (1) If a comparison performed by an insurer under subsection (c) of
27 this section results in a death master file match with an insured, annuitant, or
28 retained asset account holder, the insurer, within 90 days after the comparison was
29 performed, shall:

30 (i) conduct a good faith effort to confirm the death of the
31 insured, annuitant, or retained asset account holder using other available records and
32 information;

1 (ii) determine whether benefits are due under the applicable life
2 insurance policy, annuity contract, or retained asset account; and

3 (iii) if benefits are due under the policy, contract, or retained
4 asset account:

5 1. use good faith efforts to locate the beneficiary; and

6 2. provide to the beneficiary the appropriate claims
7 forms and instructions necessary to make a claim.

8 (2) An insurer shall document the good faith efforts made to:

9 (i) confirm the death of an insured, annuitant, or retained asset
10 account holder under paragraph (1)(i) of this subsection; and

11 (ii) locate a beneficiary under paragraph (1)(iii)1 of this
12 subsection.

13 (3) To the extent permitted by law, an insurer may disclose the
14 minimum necessary personal information about an insured, an annuitant, a retained
15 asset account holder, or a beneficiary to a person that the insurer reasonably believes
16 may be able to assist the insurer in locating a beneficiary as required under paragraph
17 (1)(iii)1 of this subsection.

18 **(4) TO FACILITATE LOCATING A BENEFICIARY UNDER**
19 **PARAGRAPH (1)(III)1 OF THIS SUBSECTION, AN INSURER SHALL ESTABLISH**
20 **PROCEDURES FOR PERIODICALLY CONTACTING EACH INSURED, ANNUITANT,**
21 **AND RETAINED ASSET ACCOUNT HOLDER TO UPDATE, IF NECESSARY, THE**
22 **ADDRESS AND OTHER CONTACT INFORMATION FOR THE INSURED, ANNUITANT,**
23 **AND ACCOUNT HOLDER AND THE BENEFICIARY OF THE INSURED, ANNUITANT,**
24 **AND ACCOUNT HOLDER, IN THE INSURER'S RECORDS.**

25 (e) An insurer may not charge an insured, an annuitant, a retained asset
26 account holder, a beneficiary, or any other person for any fees or costs incurred by the
27 insurer in connection with complying with subsections (c) and (d) of this section.

28 **(F) (1) ON OR BEFORE JUNE 1, 2015, THE COMMISSIONER, IN**
29 **CONSULTATION WITH INSURERS THAT ISSUE OR DELIVER POLICIES OF LIFE**
30 **INSURANCE IN THE STATE, SHALL DEVELOP AND IMPLEMENT A LOST POLICY**
31 **FINDER TO ASSIST BENEFICIARIES UNDER POLICIES OF LIFE INSURANCE IN**
32 **LOCATING UNCLAIMED LIFE INSURANCE BENEFITS.**

33 **(2) THE LOST POLICY FINDER SHALL BE ACCESSIBLE ON THE**
34 **ADMINISTRATION'S WEB SITE AND THROUGH THE ADMINISTRATION'S TOLL**
35 **FREE TELEPHONE NUMBER.**

1 **(3) THE COMMISSIONER SHALL ASSIST A REQUESTOR WITH**
2 **USING THE LOST POLICY FINDER, INCLUDING INFORMING THE REQUESTOR OF**
3 **THE INFORMATION AN INSURER MAY NEED TO FACILITATE RESPONDING TO A**
4 **REQUEST MADE THROUGH THE LOST POLICY FINDER.**

5 **(4) EACH INSURER THAT ISSUES OR DELIVERS A POLICY OF LIFE**
6 **INSURANCE IN THE STATE SHALL COOPERATE WITH THE COMMISSIONER IN**
7 **RESPONDING TO REQUESTS FOR INFORMATION MADE THROUGH THE LOST**
8 **POLICY FINDER.**

9 **[(f)] (G)** The Commissioner may adopt regulations to implement this
10 section.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
12 June 1, 2014.