

STATE OF MAINE

IN THE YEAR OF OUR LORD
TWO THOUSAND AND SEVENTEEN

H.P. 851 - L.D. 1229

An Act To Ensure Life Insurance Claims Are Paid

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 24-A MRSA §4551, as amended by PL 2003, c. 20, Pt. T, §14, is further amended to read:

§4551. Disposition of unclaimed funds

All unclaimed money held and owing by any life insurer doing business in this State must be disposed of according to Title 33, chapter 41. Before disposing of any unclaimed money in accordance with Title 33, chapter 41, a life insurer doing business in this State shall comply with this section.

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Contract" means an annuity contract. "Contract" does not include an annuity used to fund an employment-based retirement plan or program in which the insurer does not perform the record-keeping services or the insurer is not committed by terms of the annuity contract to pay death benefits to the beneficiaries of specific plan participants.

B. "Death master file" means the United States Social Security Administration's death master file or any other database or service that is at least as comprehensive as the United States Social Security Administration's death master file that is used for determining and recording that a person has been reported to have died.

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

D. "Knowledge of death" means the receipt of an original or valid copy of a certified death certificate or a death master file match validated by the insurer in accordance with this section.

E. "Policy" means any policy or certificate of life insurance that provides a death benefit. "Policy" does not include:

(1) Any policy or certificate of life insurance that provides a death benefit under an employee benefit plan subject to the federal Employee Retirement Income Security Act of 1974, as amended;

(2) Any policy or certificate of life insurance that provides a death benefit under any federal employee benefit program;

(3) Any policy or certificate of life insurance that is used to fund a pre-need funeral contract or prearrangement;

(4) Any policy or certificate of credit life or accidental death insurance; or

(5) Any policy issued to a group master policyholder for which the insurer does not provide record-keeping services.

F. "Record-keeping services" means those circumstances under which the insurer has agreed with a group policy or contract customer to be responsible for obtaining, maintaining and administering in its own or its agents' systems at least the following information about each individual insured under an insured's group insurance contract or a line of coverage thereunder: the individual insured's social security number or name and date of birth, beneficiary designation information, coverage eligibility, benefit amount and premium payment status.

G. "Retained asset account" means an account in which the settlement of proceeds payable under a policy or contract occurs when the insurer, or an entity acting on behalf of the insurer, deposits the proceeds into an account with check or draft writing privileges and those proceeds are retained by the insurer or its agent pursuant to a supplementary contract not involving annuity benefits other than death benefits.

2. Insurer conduct. An insurer shall perform a comparison of its insureds' in-force policies, contracts and retained asset accounts against a death master file, on at least a semiannual basis, by using the death master file once for each insured and thereafter using the death master file update files for future comparisons to identify potential matches of the insurer's insureds. For those potential matches identified as a result of a death master file match, the insurer shall:

A. Within 90 days of a death master file match, complete a good faith effort, which must be documented by the insurer, to confirm the death of an insured, an annuity owner or retained asset account holder against other available records and information;

B. Determine whether benefits are due in accordance with the applicable policy or contract and, if benefits are due in accordance with the applicable policy or contract:

(1) Use good faith efforts, which must be documented by the insurer, to locate the beneficiary or beneficiaries; and

(2) Provide the appropriate claim forms or instructions to the beneficiary or beneficiaries, including notice of the necessity of providing an official death certificate, if applicable under the policy or contract.

With respect to group life insurance, the insurer shall confirm the death of an insured when the insurer maintains at least the following information about each insured covered under a policy or certificate: the insured's social security number or name and date of birth, beneficiary designation information, coverage eligibility, benefit amount and premium payment status.

3. Required procedures. As part of its record-keeping procedures, an insurer shall implement procedures to account for:

A. Common nicknames, initials used in lieu of a first or middle name and use of a middle name;

B. Compound first and middle names and interchanged first and middle names;

C. Compound last names, maiden or married names and hyphens or blank spaces;

D. Apostrophes in last names;

E. Transposition of the month and date portions of the date of birth; and

F. Incomplete social security numbers.

4. Disclosure of personal information. To the extent permitted by law, an insurer may disclose the minimum necessary personal information about an insured or beneficiary to a person the insurer reasonably believes may be able to assist the insurer in locating a beneficiary or a person otherwise entitled to payment of the claims proceeds.

5. No fees. An insurer or its service provider may not charge any beneficiary or other authorized representative for any fees or costs associated with a death master file search or verification of a death master file match conducted pursuant to this section.

6. Payment of benefits. The benefits from a policy, a contract or a retained asset account, plus any applicable accrued contractual interest, is payable to a designated beneficiary or annuity owner. In the event a beneficiary or owner cannot be found after good faith efforts to contact the beneficiary or owner pursuant to this section have been carried out and documented, the insurer shall dispose of any unclaimed money according to Title 33, chapter 41.