

## 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  
23 following:

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

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

7 Section 602-B. Definitions.

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

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

14           "Death master index match." A search of the death master  
15           index that results in a match of the Social Security number or  
16           the name and date of birth of an insured.

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

18           "Insured." Any of the following:

19                 (1) An individual covered by a life insurance policy.

20                 (2) A retained asset account holder.

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

24                 (1) A single insurance entity.

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

27           "Policy." A policy or certificate of life insurance that  
28           provides a death benefit, including a retained asset account.

29 Section 603-B. Death master index comparison.

30           (a) Comparison.--Except as provided for in subsection (b),

1 an insurer that utilizes a death master index to determine if an  
2 insured is deceased shall implement procedures for performing a  
3 comparison of its insureds' in-force life insurance policies  
4 against the death master index, on at least a quarterly basis,  
5 using criteria reasonably designed to identify potential matches  
6 of its insureds. For a potential match identified as a result of  
7 a death master index match, all of the following apply:

8 (1) No later than 45 days from the identification, the  
9 insurer shall make a good faith effort to confirm the death  
10 of the insured against other available records and  
11 information. The effort shall be documented by the insurer.

12 (2) No later than 15 days from a confirmation of death  
13 or notification of death from another source and a  
14 determination that the benefits are due in accordance with  
15 the policy, the insurer shall:

16 (i) make a good faith effort to locate the  
17 beneficiary, which shall be documented by the insurer;  
18 and

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

21 (b) Exception.--An insurer may not require additional proof  
22 of a loss or notification of a claim under subsection (a) when  
23 it has actual knowledge that the insured has died.

24 (c) Costs.--An insurer may not charge an insured or a  
25 beneficiary, either directly or indirectly, for costs associated  
26 with a search or verification conducted in accordance with  
27 subsection (a).

28 (d) Prohibition.--An insurer may not implement procedures or  
29 utilize a particular database for the purpose of determining  
30 whether an annuity owner is deceased unless the insurer uses the

1 same procedures or database to determine whether its insured  
2 under its in-force policy is deceased.

3 (e) Payment.--The benefits from a policy, plus accrued  
4 interest, shall be paid to the beneficiary. If the beneficiary  
5 cannot be found, the benefits shall escheat to the Commonwealth  
6 as unclaimed property pursuant to Article XIII.1 of the act of  
7 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

8 Section 604-B. Notice of unclaimed policy benefits.

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

12 (1) the insured or beneficiary has not submitted a claim  
13 with the insurer; or

14 (2) the insurer has complied with section 603-B and has  
15 been unable, after a good faith effort documented by the  
16 insurer, to contact the insured or beneficiary.

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

20 Section 605-B. Applicability.

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

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

24 (2) A policy that provides a death benefit under the  
25 Employee Retirement Income Security Act of 1974 (Public Law  
26 93-406, 88 Stat. 829).

27 (3) A Federal employee benefit program.

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

29 (5) A policy of credit life insurance or health and  
30 accident insurance.

1 Section 605-B Unfair trade practices.

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

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