

LEGISLATURE OF NEBRASKA
ONE HUNDRED FIFTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 137

FINAL READING

Introduced by Lindstrom, 18; Watermeier, 1.

Read first time January 09, 2017

Committee: Banking, Commerce and Insurance

- 1 A BILL FOR AN ACT relating to life insurance; to adopt the Unclaimed Life
- 2 Insurance Benefits Act; and to provide an operative date.
- 3 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 6 of this act shall be known and may be
2 cited as the Unclaimed Life Insurance Benefits Act.

3 Sec. 2. For purposes of the Unclaimed Life Insurance Benefits Act:

4 (1) Beneficiary means the party entitled or contingently entitled to
5 receive proceeds from a policy or retained asset account;

6 (2) Death master file means the United States Social Security
7 Administration's Death Master File or any other data base or service that
8 is at least as comprehensive as the United States Social Security
9 Administration's Death Master File for determining that a person has
10 reportedly died;

11 (3) Death master file match means a search of the death master file
12 that results in a match of the social security number or the name and
13 date of birth of an insured, annuity owner, or retained asset account
14 holder;

15 (4) Policy means any policy or certificate of life insurance that
16 provides a death benefit or any annuity contract, except that such term
17 does not include:

18 (a) Any policy or certificate of life insurance that provides a
19 death benefit under an employee benefit plan that is (i) subject to the
20 Employee Retirement Income Security Act of 1974 or (ii) part of a federal
21 employee benefit program;

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

24 (c) Any policy or certificate of credit life or accidental death
25 insurance;

26 (d) Any policy issued to a group master policyholder for which the
27 insurer does not provide record-keeping services; or

28 (e) An annuity used to fund an employment-based retirement plan or
29 program if (i) the insurer does not perform the record-keeping services
30 or (ii) the insurer is not committed by terms of the annuity contract to
31 pay death benefits to the beneficiaries of specific plan participants;

1 (5) Record-keeping services means services provided by an insurer
2 for a group policy customer pursuant to an agreement under which the
3 insurer is responsible for obtaining, maintaining, and administering, in
4 its own or its agent's systems, at least the following information about
5 each individual insured under the group policy or a line of coverage
6 thereunder:

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

8 (b) Beneficiary designation information;

9 (c) Coverage eligibility;

10 (d) Benefit amount; and

11 (e) Premium payment status; and

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

19 Sec. 3. (1) An insurer shall perform a comparison of its insureds'
20 in-force policies and retained asset accounts against a death master file
21 to identify potential matches of its insureds. The comparison shall be
22 done on at least a semi-annual basis by using the full death master file
23 for the initial comparison and thereafter using the death master file
24 update files for subsequent comparisons. For any potential match
25 identified as a death master file match, the insurer shall, within ninety
26 days after the death master file match:

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

30 (b) Determine whether benefits are due in accordance with the
31 applicable policy or retained asset account. If benefits are due under

1 the policy or retained asset account, the insurer shall:

2 (i) Complete a good faith effort, which shall be documented by the
3 insurer, to locate the beneficiary; and

4 (ii) Provide the appropriate claim forms or instructions to the
5 beneficiary to make a claim, including the need to provide an official
6 death certificate if applicable under the policy.

7 (2) With respect to group life insurance, an insurer is required to
8 confirm the possible death of an insured under subdivision (1)(a) of this
9 section if the insurer maintains at least the following information on
10 those covered under the policy:

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

12 (b) Beneficiary designation information;

13 (c) Coverage eligibility;

14 (d) Benefit amount; and

15 (e) Premium payment status.

16 (3) Every insurer shall implement procedures to account for:

17 (a) Common nicknames, initials used in lieu of a first or middle
18 name, use of a middle name, compound first and middle names, and
19 interchanged first and middle names;

20 (b) Compound last names, maiden or married names, and hyphens, blank
21 spaces, or apostrophes in last names;

22 (c) Transposition of the month and date portions of a date of birth;
23 and

24 (d) Incomplete social security numbers.

25 (4) Nothing in this section shall be construed to limit the ability
26 of an insurer to request a valid death certificate as part of any claims
27 validation process.

28 (5) To the extent permitted by law, an insurer may disclose minimum
29 necessary personal information about an insured, a beneficiary, or the
30 owner of a policy or retained asset account to a person who the insurer
31 reasonably believes may be able to assist the insurer in locating the

1 beneficiary or a person otherwise entitled to payment of the claim
2 proceeds.

3 (6) An insurer or its service provider shall not charge any
4 beneficiary or other authorized representative any fees or costs
5 associated with a death master file search or verification of a death
6 master file match conducted pursuant to this section.

7 Sec. 4. (1) If an insurer determines under section 3 of this act
8 that benefits are due to a beneficiary, the benefits from the applicable
9 policy or retained asset account, plus any applicable accrued contractual
10 interest, shall be payable to the designated beneficiary. If such
11 beneficiary cannot be found, the insurer shall comply with section
12 69-1303 with respect to such benefits and accrued contractual interest.
13 Interest otherwise payable under section 44-3,143 shall not be considered
14 unclaimed funds under section 69-1303.

15 (2) Once the benefits and accrued contractual interest are presumed
16 abandoned under section 69-1303, the insurer shall notify the State
17 Treasurer, as part of the report sent under section 69-1310, that:

- 18 (a) A beneficiary has not submitted a claim with the insurer; and
19 (b) The insurer has complied with section 3 of this act and has been
20 unable, after good faith efforts documented by the insurer, to contact
21 the beneficiary.

22 Sec. 5. The Director of Insurance may, at his or her discretion,
23 make an order:

24 (1) Limiting an insurer's death master file comparisons required
25 under section 3 of this act to the insurer's electronic searchable files
26 or approving a plan and timeline for conversion of the insurer's files to
27 electronic files;

28 (2) Exempting an insurer from death master file comparisons required
29 under section 3 of this act or permitting an insurer to perform such
30 comparisons on only certain policies or retained asset accounts or to
31 perform such comparisons less frequently than semi-annually upon a

1 demonstration of hardship by the insurer; or

2 (3) Phasing in compliance with the Unclaimed Life Insurance Benefits
3 Act according to a plan adopted and published by the director.

4 Sec. 6. Failure to meet any requirement of the Unclaimed Life
5 Insurance Benefits Act shall be an unfair trade practice in the business
6 of insurance subject to the Unfair Insurance Trade Practices Act.

7 Sec. 7. This act becomes operative on January 1, 2018.