

HOUSE BILL NO. 1171

Introduced by

Representatives Keiser, Kasper

Senators Klein, O'Connell

1 A BILL for an Act to create and enact a new chapter to title 26.1 of the North Dakota Century
2 Code, relating to unclaimed life insurance benefits.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1.** A new chapter to title 26.1 of the North Dakota Century Code is created and
5 enacted as follows:

6 **Definitions.**

7 As used in this chapter:

- 8 1. "Contract" means an annuity contract. The term does not include an annuity used to
9 fund an employment-based retirement plan or program in which the insurer is not
10 committed by terms of the annuity contract to pay death benefits to the beneficiaries of
11 specific plan participants.
- 12 2. "Death master file" means the United States social security administration's death
13 master file or any other database or service the commissioner has determined is at
14 least as comprehensive as the United States social security administration's death
15 master file for determining that an individual has reportedly died.
- 16 3. "Death master file match" means a search of the death master file or revised death
17 master file which results in a match of the social security number or of the name and
18 date of birth of an insured, annuity owner, or retained asset accountholder.
- 19 4. "Policy" means any policy or certificate of life insurance which provides a death
20 benefit. The term does not include:
 - 21 a. A policy or certificate of life insurance which provides a death benefit under an
22 employee benefit plan subject to the federal Employee Retirement Income
23 Security Act of 1974 [Pub. L. 93-406; 29 U.S.C. 1002 et seq.];

- 1 b. A policy or certificate of life insurance which provides a death benefit under an
2 employee benefit plan under any federal employee benefit program;
3 c. A policy or certificate of life insurance which is used to fund a preneed funeral
4 contract or prearrangement; or
5 d. A policy or certificate of credit life or accidental death insurance.
6 5. "Revised death master file" means the names added to the death master file since the
7 insurer's most recent semiannual comparison required under this chapter.

8 **Insurer conduct.**

- 9 1. Within ninety days of the effective date of this Act, an insurer shall perform a
10 comparison of the insurer's insureds' in-force life insurance policies and retained asset
11 accounts against a death master file in order to identify potential matches of the
12 insurer's insureds. Semiannually, an insurer shall perform a comparison of the
13 insurer's insureds' in-force life insurance policies and retained asset accounts against
14 the revised death master file in order to identify the potential matches of the insurer's
15 insureds.
16 2. For each potential match identified as a result of a death master file or revised death
17 master file match, within ninety days of the match, the insurer shall:
18 a. Complete a good-faith effort, which the insurer shall document, to confirm the
19 death of the insured or retained asset accountholder against other available
20 records and information; and
21 b. Determine whether benefits are due in accordance with the applicable policy or
22 contract, and if benefits are due in accordance with the applicable policy or
23 contract the insurer shall:
24 (1) Use good-faith efforts, which the insurer shall document, to locate the
25 beneficiary or beneficiaries; and
26 (2) Provide the appropriate claims forms or instructions to the beneficiary or
27 beneficiaries to make a claim, including the need to provide an official death
28 certificate, if applicable under the policy or contract.
29 3. With respect to group life insurance, for each potential match identified as a result of a
30 death master file or revised death master file match, the insurer shall confirm the

- 1 possible death of an insured if the insurer maintains at least the following information
2 of those covered under a policy or certificate:
- 3 a. The social security number or the name and date of birth;
4 b. Beneficiary designation information;
5 c. Coverage eligibility;
6 d. Benefit amount; and
7 e. Premium payment status.
- 8 4. To the extent permitted by law, for each potential match identified as a result of a
9 death master file or revised death master file match, the insurer may disclose
10 minimum necessary personal information about the insured or beneficiary to:
- 11 a. A person the insurer reasonably believes may be able to assist the insurer locate
12 the beneficiary; or
13 b. A person otherwise entitled to payment of the claims proceeds.
- 14 5. An insurer or an insurer's service provider may not charge an insured, accountholder,
15 or beneficiary for any fees or costs associated with a comparison, search, or
16 verification conducted pursuant to this section.
- 17 6. The benefits from a life insurance policy or a retained asset account, plus any
18 applicable accrued interest must be first payable to the designated beneficiaries or
19 owners and if the beneficiaries or owners cannot be found, escheat to the state as
20 unclaimed property pursuant to chapter 47-30.1.
- 21 7. An insurer shall notify the state abandoned property office upon the expiration of the
22 statutory time period for escheat that:
- 23 a. A life insurance policy beneficiary or retained asset accountholder has not
24 submitted a claim with the insurer; and
25 b. The insurer has complied with subsections 2 and 3 and has been unable, after
26 good-faith efforts documented by the insurer, to contact the retained asset
27 accountholder, beneficiary, or beneficiaries.
- 28 8. Upon such notice, an insurer immediately shall submit the unclaimed life insurance
29 benefits or unclaimed retained asset accounts, plus any applicable accrued interest, to
30 the state abandoned property office as provided under chapter 47-30.1.

- 1 **Unfair trade practices.**
- 2 Failure to meet any requirement of this chapter is a violation of chapter 26.1-04.