



SENATE BILL 665: Unclaimed Life Insurance Benefits

2015-2016 General Assembly

Committee: Senate Insurance
Introduced by: Sen. Apodaca
Analysis of: First Edition

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SUMMARY: *Senate Bill 665 would create the North Carolina Unclaimed Life Insurance Benefits Act which would require insurers, unless it would result in hardship, to inquire on a semi-annual basis if benefits were due under their in-force policies.*

CURRENT LAW AND BACKGROUND: The North Carolina Unclaimed Property Act is found in Article 4 of Chapter 116B of the General Statutes. An amount due and payable under a life insurance policy is considered property under the Act. The Act addresses when property is presumed abandoned, rules for taking custody, and notification and reporting requirements. All property escheated or abandoned under the provisions of Chapter 116B shall be paid into the Escheat Fund which is administered by the State Treasurer.

The North Carolina Department of Insurance has a "Lost life Insurance and Annuity Inquiry Service" to help consumers locate benefits from life insurance policies or annuity contracts purchased in the State. According to the Department's website, possible beneficiaries, as well as executors and legal representatives, may submit an inquiry form that will be forwarded to North Carolina-licensed life insurance companies which will then contact the individual if a policy is located.¹

BILL ANALYSIS:

Section 1 would provide that nothing in the act would amend, modify, or supersede the North Carolina Unclaimed Property Act. An insurer of life insurance policies would be required to compare semi-annually its policies with the death master file (DMF) from the U.S. Social Security Administration to determine potential matches. If the insurer learned of a possible death, the insurer would be required within 90 days to complete a good-faith effort to confirm the death and determine what benefits may be due and to locate and instruct the beneficiaries on how to submit a claim. An insurer would not be allowed to charge a beneficiary for any fees or costs associated with a DMF search or match. If beneficiaries could not be found, the benefits would escheat to the State as unclaimed property. The Commissioner of Insurance would be able to exempt an insurer from DMF comparison requirements if the insurer demonstrated, to the Commissioner's satisfaction, that compliance would result in hardship to the insurer. A pattern of failures to meet the requirements of the act may constitute an unfair claims settlement practice under Chapter 58.

Section 2 would authorize the Commissioner to adopt rules to implement the act.

EFFECTIVE DATE: Section 2 of this act is effective when it becomes law. The remainder of this act becomes effective July 1, 2015.

¹ http://www.ncdoi.com/consumer/Consumer_Life_Lost_Policy.aspx

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