



Sen. William R. Haine

Filed: 5/24/2016

09900HB4633sam001

LRB099 18214 RPS 49024 a

1 AMENDMENT TO HOUSE BILL 4633

2 AMENDMENT NO. _____. Amend House Bill 4633 by replacing
3 everything after the enacting clause with the following:

4 "Section 1. Short title. This Act may be cited as the
5 Unclaimed Life Insurance Benefits Act.

6 Section 5. Purpose. This Act shall require recognition of
7 the Uniform Disposition of Unclaimed Property Act and require
8 the complete and proper disclosure, transparency, and
9 accountability relating to any method of payment for life
10 insurance, annuity, or retained asset agreement death
11 benefits.

12 Section 10. Definitions. As used in this Act:

13 "Annuity contract" does not include an annuity contract
14 used to fund an employment-based retirement plan or program
15 where (1) the insurer does not perform the record keeping

1 services or (2) the insurer is not committed by the terms of
2 the annuity contract to pay death benefits to the beneficiaries
3 of specific plan participants.

4 "Date of death" means the date on which an insured, annuity
5 owner, or retained asset account holder died.

6 "Date of death notice" means the date the insurer first has
7 notice of the date of death of an insured, annuity owner, or
8 retained asset account holder. "Date of death notice" includes,
9 but is not limited to, the date the insurer received
10 information or gained knowledge of a Death Master File match or
11 any other source or record maintained or located in insurer
12 records of the death of an insured, annuity owner, or retained
13 asset account holder.

14 "Death Master File" means the United States Social Security
15 Administration's Death Master File or any other database or
16 service that is at least as comprehensive as the United States
17 Social Security Administration's Death Master File for
18 determining that a person has reportedly died.

19 "Death Master File match" means a match of the social
20 security number or the name and date of birth of an insured,
21 annuity owner, or retained asset account holder resulting from
22 a search of the Death Master File.

23 "Department" means the Department of Insurance.

24 "Lost policy finder" means a service made available by the
25 Department on its website or otherwise developed by the
26 Department to assist consumers with locating unclaimed life

1 insurance benefits.

2 "Policy" means any policy or certificate of life insurance
3 that provides a death benefit. "Policy" does not include any
4 policy or certificate of credit life or accidental death
5 insurance or health coverages, including, but not limited to,
6 disability and long-term care arising from the reported death
7 of a person insured under the coverage, or any policy issued to
8 a group master policyholder for which the insurer does not
9 provide record keeping services.

10 "Record keeping services" means services provided under
11 circumstances in which the insurer has agreed with a group
12 policy or annuity contract customer to be responsible for
13 obtaining, maintaining, and administering its own or its
14 agents' systems information about each individual insured
15 under an insured's group insurance contract, or a line of
16 coverage thereunder, including, but not limited to, the
17 following: (1) social security number or name and date of
18 birth, (2) beneficiary designation information, (3) coverage
19 eligibility, (4) benefit amount, and (5) premium payment
20 status.

21 "Retained asset account" means any mechanism whereby the
22 settlement of proceeds payable under a policy or annuity
23 contract is accomplished by the insurer or an entity acting on
24 behalf of the insurer depositing the proceeds into an account
25 with check or draft writing privileges, where those proceeds
26 are retained by the insurer or its agent pursuant to a

1 supplementary contract not involving annuity benefits other
2 than death benefits.

3 Section 15. Insurer conduct.

4 (a) An insurer shall initially perform a comparison of its
5 insureds', annuitants', and retained asset account holders'
6 in-force policies, annuity contracts, and retained asset
7 accounts by using the full Death Master File. The initial
8 comparison shall be completed on or before December 31, 2017,
9 unless extended by the Department pursuant to administrative
10 rule. Thereafter, an insurer shall perform a comparison on at
11 least a semi-annual basis using the Death Master File update
12 files for comparisons to identify potential matches of its
13 insureds, annuitants, and retained asset account holders. In
14 the event that one of the insurer's lines of business conducts
15 a search for matches of its insureds, annuitants, and retained
16 asset account holders against the Death Master File at
17 intervals more frequently than semi-annually, then all lines of
18 the insurer's business shall conduct searches for matches
19 against the Death Master File with the same frequency.

20 An insured, an annuitant, or a retained asset account
21 holder is presumed dead if the date of his or her death is
22 indicated by the comparison required in this subsection (a),
23 unless the insurer has competent and substantial evidence that
24 the person is living, including, but not limited to, a contact
25 made by the insurer with the person or his or her legal

1 representative.

2 For those potential matches identified as a result of a
3 Death Master File match, the insurer shall within 120 days
4 after the date of death notice, if the insurer has not been
5 contacted by a beneficiary, determine whether benefits are due
6 in accordance with the applicable policy or contract and, if
7 benefits are due in accordance with the applicable policy or
8 contract:

9 (1) use good faith efforts, which shall be documented
10 by the insurer, to locate the beneficiary or beneficiaries;
11 the Department shall establish by administrative rule
12 minimum standards for what constitutes good faith efforts
13 to locate a beneficiary, which shall include: (A) searching
14 insurer records; (B) the appropriate use of First Class
15 United States mail, e-mail addresses, and telephone calls;
16 and (C) reasonable efforts by insurers to obtain updated
17 contact information for the beneficiary or beneficiaries;
18 good faith efforts shall not include additional attempts to
19 contact the beneficiary at an address already confirmed not
20 to be current; and

21 (2) provide the appropriate claims forms or
22 instructions to the beneficiary or beneficiaries to make a
23 claim, including the need to provide an official death
24 certificate if applicable under the policy or annuity
25 contract.

26 (b) Insurers shall implement procedures to account for the

1 following when conducting searches of the Death Master File:

2 (1) common nicknames, initials used in lieu of a first
3 or middle name, use of a middle name, compound first and
4 middle names, and interchanged first and middle names;

5 (2) compound last names, maiden or married names, and
6 hyphens, blank spaces, or apostrophes in last names;

7 (3) transposition of the "month" and "date" portions of
8 the date of birth; and

9 (4) incomplete social security numbers.

10 (c) To the extent permitted by law, an insurer may disclose
11 the minimum necessary personal information about the insured,
12 annuity owner, retained asset account holder, or beneficiary to
13 a person whom the insurer reasonably believes may be able to
14 assist the insurer with locating the beneficiary or a person
15 otherwise entitled to payment of the claims proceeds.

16 (d) An insurer or its service provider shall not charge any
17 beneficiary or other authorized representative for any fees or
18 costs associated with a Death Master File search or
19 verification of a Death Master File match conducted pursuant to
20 this Act.

21 (e) The benefits from a policy, annuity contract, or a
22 retained asset account, plus any applicable accrued interest,
23 shall first be payable to the designated beneficiaries or
24 owners and, in the event the beneficiaries or owners cannot be
25 found, shall be reported and delivered to the State Treasurer
26 pursuant to the Uniform Disposition of Unclaimed Property Act.

1 Nothing in this subsection (e) is intended to alter the amounts
2 reportable under the existing provisions of the Uniform
3 Disposition of Unclaimed Property Act or to allow the
4 imposition of additional statutory interest under Article XIV
5 of the Illinois Insurance Code.

6 (f) Failure to meet any requirement of this Section with
7 such frequency as to constitute a general business practice is
8 a violation of Section 424 of the Illinois Insurance Code.
9 Nothing in this Section shall be construed to create or imply a
10 private cause of action for a violation of this Section.

11 Section 20. Uniform Disposition of Unclaimed Property Act.
12 Nothing in this Act shall be construed to amend, modify, or
13 supersede the Uniform Disposition of Unclaimed Property Act,
14 including the authority of the State Treasurer to examine the
15 records of any person if the State Treasurer has reason to
16 believe that such person has failed to report property that
17 should have been reported pursuant to the Uniform Disposition
18 of Unclaimed Property Act.

19 Section 25. Lost policy finder.

20 (a) The Department shall develop and implement a lost
21 policy finder to assist requesters with locating unclaimed life
22 insurance benefits. The lost policy finder shall be available
23 online and via other means. The Department shall assist a
24 requester with using the lost policy finder, including

1 informing the requester of the information that an insurer may
2 need to facilitate responding to the request.

3 (b) As soon as practicable, but no later than 30 days after
4 receiving a request from a requester via the lost policy
5 finder, the Department shall:

6 (1) forward the request to all insurers deemed
7 necessary by the Department in order to successfully
8 respond to the request; and

9 (2) inform the requester that the Department received
10 the request and forwarded the request to all insurers
11 deemed necessary by the Department in order to successfully
12 respond to the request.

13 (c) Upon receiving a request forwarded by the Department
14 through a lost policy finder, an insurer shall search for
15 policies and any accounts subject to this Act that insure the
16 life of or are owned by an individual named as the decedent in
17 the request forwarded by the Department.

18 (d) Within 30 days after receiving the request referenced
19 in subsection (b) of this Section, or within 45 days after
20 receiving the request where the insurer contracts with another
21 entity to maintain the insurer's records, the insurer shall:

22 (1) report to the Department through the lost policy
23 finder the findings of the search conducted pursuant to
24 subsection (c) of this Section;

25 (2) for each identified policy and account insuring the
26 life of, or owned by, the individual named as the decedent

1 in the request, provide to a requester who is:

2 (A) also the beneficiary of record on the
3 identified policy or account, the information
4 necessary to make a claim pursuant to the terms of the
5 policy or account; and

6 (B) not the beneficiary of record on the identified
7 policy or account, the requested information to the
8 extent permissible to be disclosed in accordance with
9 any applicable law, rule, or regulation and take such
10 other steps necessary to facilitate the payment of any
11 benefit that may be due under the identified policy or
12 account.

13 (e) The Department shall, within 30 days after receiving
14 from all insurers the information required in item (1) of
15 subsection (d) of this Section, inform the requester of the
16 results of the search.

17 (f) When a beneficiary identified in subsection (d) of this
18 Section submits a claim or claims to an insurer, the insurer
19 shall process such claim or claims and make prompt payments and
20 distributions in accordance with all applicable laws, rules,
21 and regulations.

22 (g) Within 30 days after the final disposition of the
23 request, an insurer shall report to the Department through the
24 lost policy finder any benefits paid and any other information
25 requested by the Department.

1 Section 30. Administrative rules.

2 (a) The Department shall adopt rules to administer and
3 implement this Act.

4 (b) The Department may limit an insurer's Death Master File
5 comparisons required under Section 15 of this Act to the
6 insurer's electronic searchable files or approve a plan and
7 timeline for conversion of the insurer's files to searchable
8 electronic files upon a demonstration of hardship by the
9 insurer.

10 Section 35. Application. The provisions of this Act apply
11 to policies, annuity contracts, and retained asset accounts in
12 force on or after the effective date of this Act.

13 Section 40. The Illinois Insurance Code is amended by
14 changing Section 424 as follows:

15 (215 ILCS 5/424) (from Ch. 73, par. 1031)

16 Sec. 424. Unfair methods of competition and unfair or
17 deceptive acts or practices defined. The following are hereby
18 defined as unfair methods of competition and unfair and
19 deceptive acts or practices in the business of insurance:

20 (1) The commission by any person of any one or more of
21 the acts defined or prohibited by Sections 134, 143.24c,
22 147, 148, 149, 151, 155.22, 155.22a, 155.42, 236, 237, 364,
23 and 469 of this Code.

1 (2) Entering into any agreement to commit, or by any
2 concerted action committing, any act of boycott, coercion
3 or intimidation resulting in or tending to result in
4 unreasonable restraint of, or monopoly in, the business of
5 insurance.

6 (3) Making or permitting, in the case of insurance of
7 the types enumerated in Classes 1, 2, and 3 of Section 4,
8 any unfair discrimination between individuals or risks of
9 the same class or of essentially the same hazard and
10 expense element because of the race, color, religion, or
11 national origin of such insurance risks or applicants. The
12 application of this Article to the types of insurance
13 enumerated in Class 1 of Section 4 shall in no way limit,
14 reduce, or impair the protections and remedies already
15 provided for by Sections 236 and 364 of this Code or any
16 other provision of this Code.

17 (4) Engaging in any of the acts or practices defined in
18 or prohibited by Sections 154.5 through 154.8 of this Code.

19 (5) Making or charging any rate for insurance against
20 losses arising from the use or ownership of a motor vehicle
21 which requires a higher premium of any person by reason of
22 his physical disability, race, color, religion, or
23 national origin.

24 (6) Failing to meet any requirement of the Unclaimed
25 Life Insurance Benefits Act with such frequency as to
26 constitute a general business practice.

1 (Source: P.A. 99-143, eff. 7-27-15.)".