

AN ACT concerning regulation.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Unclaimed Life Insurance Benefits Act is amended by changing Sections 10, 15, 30, and 35 as follows:

(215 ILCS 185/10)

Sec. 10. Definitions. As used in this Act:

"Annuity contract" does not include an annuity contract used to fund an employment-based retirement plan or program where (1) the insurer does not perform the record keeping services or (2) the insurer is not committed by the terms of the annuity contract to pay death benefits to the beneficiaries of specific plan participants.

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

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

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

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

"Department" means the Department of Insurance.

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

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

"Record keeping services" means services provided under circumstances in which the insurer has agreed with a group policy or annuity contract customer to be responsible for

obtaining, maintaining, and administering its own or its agents' systems information about each individual insured under an insured's group insurance contract, or a line of coverage thereunder, including, but not limited to, the following: (1) social security number or name and date of birth, (2) beneficiary designation information, (3) coverage eligibility, (4) benefit amount, and (5) premium payment status.

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

(Source: P.A. 99-893, eff. 1-1-17.)

(215 ILCS 185/15)

Sec. 15. Insurer conduct.

(a) An insurer shall initially perform a comparison of its insureds', annuitants', and retained asset account holders' in-force policies, annuity contracts, and retained asset accounts in force on or after January 1, 2017 by using the full Death Master File. The initial comparison shall be completed on or before December 31, 2017, ~~unless extended by the Department~~

~~pursuant to administrative rule. An insurer required to perform a comparison of its insureds', annuitants', and retained asset account holders' in-force policies, annuity contracts, and retained asset accounts in force on or after January 1, 2012 shall perform a comparison of policies, annuity contracts, and retained asset accounts in force between January 1, 2012 and December 31, 2016 on or before December 31, 2018 by using the full Death Master File. An insurer required to perform a comparison of electronic searchable files concerning its insureds', annuitants', and retained asset account holders' in-force policies, annuity contracts, and retained asset accounts in force on or after January 1, 2000 shall perform a comparison of policies, annuity contracts, and retained asset accounts in force between January 1, 2000 and December 31, 2016 on or before December 31, 2018 by using the full Death Master File.~~ Thereafter, an insurer shall perform a comparison on at least a semi-annual basis using the Death Master File update files for comparisons to identify potential matches of its insureds, annuitants, and retained asset account holders. In the event that one of the insurer's lines of business conducts a search for matches of its insureds, annuitants, and retained asset account holders against the Death Master File at intervals more frequently than semi-annually, then all lines of the insurer's business shall conduct searches for matches against the Death Master File with the same frequency. Within 6 months after acquisition of policies, annuity contracts, or

retained asset accounts from another insurer, the acquiring insurer shall compare all newly acquired policies, annuity contracts, and retained asset accounts that were not searched by the previous insurer in compliance with this Act against the complete Death Master File to identify potential matches of its insureds, annuitants, and retained asset account holders. Upon any subsequent acquisition of policies, annuity contracts, or retained asset accounts from another insurer, when the previous insurer has already conducted a search of the newly acquired policies, annuity contracts, and retained asset accounts using the complete Death Master File, the acquiring insurer shall compare all newly acquired policies, annuity contracts, and retained asset accounts using all of the Death Master File updates since the time the previous insurer conducted the complete search to identify potential matches of its insureds, annuitants, and retained asset account holders.

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

For those potential matches identified as a result of a Death Master File match, the insurer shall within 120 days after the date of death notice, if the insurer has not been

contacted by a beneficiary, determine whether benefits are due in accordance with the applicable policy or contract and, if benefits are due in accordance with the applicable policy or contract:

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

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

(b) Insurers shall implement procedures to account for the following when conducting searches of the Death Master File:

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

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

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

(4) incomplete social security numbers.

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

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

(e) The benefits from a policy, annuity contract, or a retained asset account, plus any applicable accrued interest, shall first be payable to the designated beneficiaries or owners and, in the event the beneficiaries or owners cannot be found, shall be reported and delivered to the State Treasurer pursuant to the Uniform Disposition of Unclaimed Property Act. Nothing in this subsection (e) is intended to alter the amounts reportable under the existing provisions of the Uniform Disposition of Unclaimed Property Act or to allow the imposition of additional statutory interest under Article XIV

of the Illinois Insurance Code.

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

(Source: P.A. 99-893, eff. 1-1-17.)

(215 ILCS 185/30)

Sec. 30. Administrative rules. ~~(a)~~ The Department shall adopt rules to administer and implement this Act, including defining "electronic searchable files" for the purposes of this Act.

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

(Source: P.A. 99-893, eff. 1-1-17.)

(215 ILCS 185/35)

Sec. 35. Application.

(a) Except as provided in subsections (b), (c), and (d), the ~~The~~ provisions of this Act apply to policies, annuity contracts, and retained asset accounts in force at any time on

or after January 1, 2012 ~~the effective date of this Act.~~

(b) For an insurer that has entered into a written agreement with the State Treasurer on or before December 31, 2018 to resolve an unclaimed property examination pursuant to the Uniform Disposition of Unclaimed Property Act, the provisions of this Act apply to policies, annuity contracts, and retained asset accounts in force on or after January 1, 2017.

(c) Notwithstanding subsection (a), the provisions of this Act shall apply to policies, annuity contracts, and retained asset accounts in force at any time on or after January 1, 2000 to the extent that an insurer has electronic searchable files concerning such policies, annuity contracts, and retained asset accounts.

(d) This Act does not apply to a lapsed or terminated policy with no benefits payable that was compared against the Death Master File within the 18 months following the date of the lapse or termination of the applicable policy or that was searched more than 18 months prior to the most recent comparison against the Death Master File conducted by the insurer.

(Source: P.A. 99-893, eff. 1-1-17.)

Section 10. The Vital Records Act is amended by adding Section 24.6 as follows:

(410 ILCS 535/24.6 new)

Sec. 24.6. Access to records; State Treasurer. Any information contained in the vital records shall be made available at no cost to the State Treasurer for administrative purposes related to the Uniform Disposition of Unclaimed Property Act.

Section 15. The Uniform Disposition of Unclaimed Property Act is amended by changing Section 20 as follows:

(765 ILCS 1025/20) (from Ch. 141, par. 120)

Sec. 20. Determination of claims.

(a) The State Treasurer shall consider any claim filed under this Act and may, in his discretion, hold a hearing and receive evidence concerning it. Such hearing shall be conducted by the State Treasurer or by a hearing officer designated by him. No hearings shall be held if the payment of the claim is ordered by a court, if the claimant is under court jurisdiction, or if the claim is paid under Article XXV of the Probate Act of 1975. The State Treasurer or hearing officer shall prepare a finding and a decision in writing on each hearing, stating the substance of any evidence heard by him, his findings of fact in respect thereto, and the reasons for his decision. The State Treasurer shall review the findings and decision of each hearing conducted by a hearing officer and issue a final written decision. The final decision shall be a

public record. Any claim of an interest in property that is filed pursuant to this Act shall be considered and a finding and decision shall be issued by the Office of the State Treasurer in a timely and expeditious manner.

(b) If the claim is allowed, ~~and after deducting an amount not to exceed \$20 to cover the cost of notice publication and related clerical expenses,~~ the State Treasurer shall make payment forthwith.

(c) In order to carry out the purpose of this Act, no person or company shall be entitled to a fee for discovering presumptively abandoned property during the period beginning on the date the property was presumed abandoned under this Act and ending 24 months after the payment or delivery of the property to ~~until it has been in the custody of the Unclaimed Property Division of the Office of the State Treasurer for at least 24 months.~~ Fees for discovering property that has been in the custody of that division for more than 24 months shall be limited to not more than 10% of the amount collected.

(d) A person or company attempting to collect a contingent fee for discovering, on behalf of an owner, presumptively abandoned property must be licensed as a private detective pursuant to the Private Detective, Private Alarm, Private Security, Fingerprint Vendor, and Locksmith Act of 2004.

(e) This Section shall not apply to the fees of an attorney at law duly appointed to practice in a state of the United States who is employed by a claimant with regard to probate

matters on a contractual basis or to contest a denial of a claim for recovery of the property.

(f) Any person or company offering to identify, discover, or collect ~~presumptively abandoned property or~~ property which may become presumptively abandoned on behalf of the putative owner of such property in exchange for a fee, must provide the owner with a written disclosure. The disclosure shall be set forth in a clear and conspicuous manner and at a minimum shall state the following:

Each state maintains an office of unclaimed property. Generally, if for a number of years an owner of property has not communicated directly with the holder of the property, and has not otherwise indicated an interest in or claimed the property, the property will be delivered to a state administered unclaimed property program. Upon such delivery, the owner will be able to recover the property from the state administered program without charge by the state. The unclaimed asset referred to in this Agreement has not yet been reported or remitted to any state unclaimed property office. Since you reside (or resided) in Illinois, you may obtain information about the Illinois unclaimed property program by logging onto its website at www.illinoistreasurer.gov ~~www.treasurer.il.gov~~.

~~A person or company may not charge a fee greater than 25% of the property's value for the recovery of that property where the property is not yet reportable under~~

~~this Act and the designated owner of that property, as reflected within the books and records of the holder, is living.~~

~~A person or company may not charge a fee greater than 33% of the property's value for the recovery of that property where the property is not yet reportable under this Act and the recovery of that property involves documentation of the owner's death or any elements of estate or trust administration.~~

(Source: P.A. 95-613, eff. 9-11-07; 95-1003, eff. 6-1-09.)