

THE FLORIDA SENATE
2016 SUMMARY OF LEGISLATION PASSED
Committee on Banking and Insurance

CS/SB 966 — Unclaimed Property

by Banking and Insurance Committee and Senators Benacquisto, Gaetz, Brandes, Negron, Bean, Hutson, Richter, Detert, Simpson, Simmons, Hays, Stargel, Soto and Bradley

The bill requires life insurers to determine whether their life or endowment insurance policyholders, annuitants, and retained asset account holders have died by annually comparing them against the United States Social Security Administration Death Master File (DMF). If an insurer compares annuities and other books of business with the DMF, the insurer must perform the comparison required by this bill at the same frequency. Insurers must also compare all life or endowment insurance policies, annuity contracts, and retained asset accounts that were in force on or after January 1, 1992. An insurer is required to perform the DMF comparison only for policies that are currently in-force if the insurer has compared all policies that were in force on or after January 1, 1992, or as of June 30, 2016, has a favorable targeted market conduct examination from the Office of Insurance Regulation (OIR) regarding claims-handling practices and use of the DMF or as of June 30, 2016, has entered into a regulatory settlement agreement with the OIR. The following products are not subject to the requirements of the bill: an annuity issued in connection with an employment-based plan subject to the Employee Retirement Income Security Act of 1974 or issued to fund an employment-based retirement plan, credit life or accidental death insurance, a joint and survivor annuity if an annuitant is still living, a policy issued to a group master policy owner for which the insurer does not perform recordkeeping functions, and life insurance assigned to a preneed licensee to fund a preneed funeral merchandise or service contract.

If a death is indicated, the bill requires the insurer to verify the death, verify if the deceased had other products with the company, determine if benefits are due, and attempt to locate and contact beneficiaries. If the policy or contract proceeds remain unclaimed 5 years after the date of death of the insured, annuitant, or account holder, the property escheats to the state as unclaimed property. Fines, penalties, or additional interest may not be imposed on the insurer for failure to report and remit property under the bill if such proceeds are reported and remitted to the Department of Financial Services (DFS) Bureau of Unclaimed Property no later than May 1, 2021.

The bill applies to all life insurers requirements agreed to by many of the largest life insurers in settlement agreements with the DFS, the Office of the Attorney General, and the Office of Insurance Regulation (OIR), often as part of multi-state settlement agreements. The settlement agreements are related to examinations that often find insurers use information from the Social Security Administration's Death Master File to stop paying a deceased person's annuity, but do not use such information to search for beneficiaries of a life insurance policy. According to the OIR, these settlement agreements have resulted in the return of over \$5 billion to beneficiaries directly by the companies nationwide and over \$2.4 billion being delivered to the states, which also attempt to locate and pay beneficiaries.

If approved by the Governor, these provisions take effect upon becoming law.

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Vote: Senate 39-0; House 109-0