

# Unclaimed Life Insurance Benefits Act

---

## SB 34 · Summary

### Purpose

The purpose of the Unclaimed Life Insurance Benefits Act is to provide a specific statutory framework for how life insurance companies: (1) determine whether their insureds are deceased; (2) determine if there are any beneficiaries; (3) pay beneficiaries; and (4) in the event that it did not reasonably locate beneficiaries, submit unclaimed life insurance proceeds to the Department of Revenue as unclaimed property. For all of these steps, the bill requires an insurer to adopt and implement reasonable procedures to ensure compliance.

### Death Master File

The bill requires insurance companies to compare, at least twice a year, its life insurance policies, annuity contracts, and retained asset accounts against the Social Security Administration's death master file. Insurance companies can use the death master file to determine that a person has reportedly died. If an insurance company finds a match between its policy holder and the death master file, the company has 90 days to determine if any benefits are due to any beneficiaries. If it is determined that benefits are due, the bill requires the company to use reasonable procedures to find the beneficiary.

### Montana's Experience

Recent national market conduct examinations have revealed that insurance companies are not reasonably trying to locate and pay beneficiaries of life insurance policies. Indeed, Montana's Commissioner of Securities & Insurance has entered into several national agreements with life insurers to remedy their failure to pay benefits.

Existing Montana unclaimed property laws, require life insurance benefits to be turned over to the state. However, there are no specific laws governing how an insurer identifies beneficiaries of unclaimed benefits.

### Unclaimed Benefits Held by the State

When a life insurance company has exhausted all reasonable efforts to locate a beneficiary, SB34 requires the benefit to be turned over to the State of Montana as unclaimed property. Unclaimed property is deposited in the general fund and remains there indefinitely until the owner of the property comes forward to claim it. As with all unclaimed property in the general fund, the state does benefit from interest earned on the unclaimed life insurance payment that is turned over as unclaimed property, but the original amount of unclaimed property is always available for the rightful owner to claim.

Montana reports unclaimed property to MissingMoney.com, a database of governmental unclaimed property records. This centralized unclaimed property database makes it easier for Montanans to search for unclaimed property, including any unclaimed life insurance benefits.

In some cases, individuals who believe they are owed a life insurance benefit may not know what company issued the policy. It is virtually impossible for an individual who thinks they have an unclaimed life insurance benefit to contact all possible life insurance companies after the death of an insured. By turning the money over to the state, a potential beneficiary can search the unclaimed property databases for any unclaimed life insurance benefit.

*(continued)*

## NCOIL Model Bill

SB34 is bill adapted from a model law approved by the National Conference of Insurance Legislators (NCOIL). Four states including Alabama, Kentucky, Maryland and New York enacted similar legislation in 2012.

State Name	Bill No.	Date Introduced	Date Passed
Kentucky	KY BR 487, HB 135	12/16/2011	4/13/2012
Maryland	MD SB 77	1/16/2012	5/2/2012
Alabama	AL HB 126	2/2/2012	5/15/2012
New York	NY SB 6943, AB 9845	4/16/2012	12/17/2012
Montana	SB34	11/23/2012	Pending

### Contact CSI

Web: [www.csi.mt.gov](http://www.csi.mt.gov)

Email: [Policy.CSI@mt.gov](mailto:Policy.CSI@mt.gov)

Phone: 406.444.2040

