

# State of Wisconsin



2017 Senate Bill 274

Date of enactment: April 3, 2018  
Date of publication\*: April 4, 2018

## 2017 WISCONSIN ACT 192

AN ACT *to create* 632.63 of the statutes; **relating to:** life insurance and annuity benefits.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 632.63 of the statutes is created to read:  
**632.63 Unclaimed life insurance and annuities.**

(1) DEFINITIONS. In this section:

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

(b) "Death master file" means the federal social security administration's death master file or any other database or service that is at least as comprehensive as the federal social security administration's death master file for determining that a person has reportedly died.

(c) "Death master file match" means a search of the death master file that results in a match of a person's name and social security number or the name and date of birth.

(d) "Knowledge of death" means one of the following:

1. Receipt of an original or valid copy of a certified death certificate.
2. A death master file match validated by the insurer in accordance with sub. (2) (a) 1. a.

(e) "Person" means an insured, contract owner, or retained asset account holder.

(f) "Policy" means any policy or certificate of life insurance that provides a death benefit. "Policy" does not include any of the following

1. A policy or certificate of life insurance that provides a death benefit under an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 or under any federal employee benefit program.
2. A policy or certificate of life insurance that is used to fund a preneed funeral contract or prearrangement.
3. A policy or certificate of credit life or accidental death insurance.
4. A policy issued to a group master policyholder for which the insurer does not provide record-keeping services.

(g) "Record-keeping services" means those circumstances under which the insurer has agreed with a group policy or contract customer to be responsible for obtaining, maintaining, and administering in its own or its agents' systems information about each individual insured under an insured's group insurance contract, or a line of coverage thereunder, at least the following information:

1. Social security number or name and date of birth.
2. Beneficiary designation information.
3. Coverage eligibility.
4. Benefit amount.

\* Section 991.11, WISCONSIN STATUTES: Effective date of acts. "Every act and every portion of an act enacted by the legislature over the governor's partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after its date of publication."

## 5. Premium payment status.

(h) "Retained asset account" means any mechanism whereby the settlement of proceeds payable under a policy or 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.

(2) **INSURER CONDUCT.** (a) An insurer shall perform a comparison of its insureds' in-force policies, contracts, and retained asset accounts against a death master file, on at least a semi-annual basis, by using the full death master file once, and thereafter using the death master file update files for future comparisons, to identify potential matches of its insureds. For those potential matches identified as a result of a death master file match, the insurer shall do all of the following:

## 1. Within 90 days of a death master file match:

a. Complete a good faith effort, which shall be documented by the insurer, to confirm the death of the insured or retained asset account holder against other available records and information.

b. Determine whether benefits are due in accordance with the applicable policy or contract.

2. If benefits are due in accordance with the applicable policy or contract:

a. Use good faith efforts, which shall be documented by the insurer, to locate the beneficiary or beneficiaries.

b. 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 contract.

(b) With respect to group life insurance, insurers are required to confirm the possible death of an insured when the insurers maintain at least the following information of those covered under a policy or certificate:

1. Social security number or name and date of birth.

2. Beneficiary designation information.

3. Coverage eligibility.

4. Benefit amount.

5. Premium payment status.

(c) Every insurer shall implement procedures to account for all of the following:

1. 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.

(d) To the extent permitted by law, the insurer may disclose minimum necessary personal information about

the insured or beneficiary to a person who the insurer reasonably believes may be able to assist the insurer to locate the beneficiary or a person otherwise entitled to payment of the claims proceeds.

(e) The insurer comparison of in-force policies, contracts, and retained asset accounts shall be conducted first to the extent that such records are available electronically and then using the most easily accessible insurer records for records that are not available electronically.

(f) Nothing in this section shall limit the insurer from requesting a valid death certificate as part of any claims validation process.

(3) **FEES AND COSTS.** 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 section.

(4) **PAYMENT OF BENEFITS.** The benefits from a policy, contract, or a retained asset account, plus any applicable accrued contractual interest, shall first be payable to the designated beneficiaries or owners and, in the event said beneficiaries or owners cannot be found, shall escheat to the state as unclaimed property under ch. 177. Interest payable under s. 628.46 shall not be payable as unclaimed property under s. 177.07.

(5) **UNCLAIMED PROCEEDS.** An insurer shall report and remit unclaimed insurance proceeds in accordance with the requirements of ch. 177.

(6) **UNFAIR MARKETING PRACTICES.** Failure to meet any requirement of this section with such frequency as to constitute a general business practice is a violation of s. 628.34. Nothing in this section shall be construed to create or imply a private cause of action for a violation of this section.

(7) **ORDERS.** The commissioner may make an order regarding any of the following:

(a) Limiting an insurer's death master file comparisons required under sub. (2) (a) to the insurer's electronic searchable files or approving a plan and timeline for conversion of the insurer's files to electronic searchable files.

(b) Exempting an insurer from the death master file comparisons required under sub. (2) (a) or permitting an insurer to perform such comparisons less frequently than semi-annually upon a demonstration of hardship by the insurer.

(c) Phasing in compliance with this section according to a plan and timeline approved by the commissioner.

(8) **RULES.** The commissioner may adopt rules implementing and administering this section.

**SECTION 2. Effective date.**

(1) This act takes effect on the first day of the 13th month beginning after publication.