



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-3544/1
CMH:kjf

2017 SENATE BILL 274

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

Analysis by the Legislative Reference Bureau

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

3 **SECTION 1.** 632.63 of the statutes is created to read:

4 **632.63 Unclaimed life insurance and annuities. (1) DEFINITIONS.** In this
5 section:

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

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

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

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

9 1. Receipt of an original or valid copy of a certified death certificate.

10 2. A death master file match validated by the insurer in accordance with sub.

11 (2) (a) 1. a.

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

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

16 1. A policy or certificate of life insurance that provides a death benefit under
17 an employee benefit plan subject to the Employee Retirement Income Security Act
18 of 1974 or under any federal employee benefit program.

19 2. A policy or certificate of life insurance that is used to fund a preneed funeral
20 contract or prearrangement.

21 3. A policy or certificate of credit life or accidental death insurance.

22 4. A policy issued to a group master policyholder for which the insurer does not
23 provide record-keeping services.

24 (g) "Record-keeping services" means those circumstances under which the
25 insurer has agreed with a group policy or contract customer to be responsible for

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1 obtaining, maintaining, and administering in its own or its agents' systems
2 information about each individual insured under an insured's group insurance
3 contract, or a line of coverage thereunder, at least the following information:

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

5 2. Beneficiary designation information.

6 3. Coverage eligibility.

7 4. Benefit amount.

8 5. Premium payment status.

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

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

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

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

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

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

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

6 b. Provide the appropriate claims forms or instructions to the beneficiary or
7 beneficiaries to make a claim, including the need to provide an official death
8 certificate, if applicable under the policy or contract.

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

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

13 2. Beneficiary designation information.

14 3. Coverage eligibility.

15 4. Benefit amount.

16 5. Premium payment status.

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

18 1. Initials used in lieu of a first or middle name, use of a middle name,
19 compound first and middle names, and interchanged first and middle names.

20 2. Compound last names; maiden or married names; and hyphens, blank
21 spaces, or apostrophes in last names.

22 3. Transposition of the month and date portions of the date of birth.

23 (d) To the extent permitted by law, the insurer may disclose minimum
24 necessary personal information about the insured or beneficiary to a person who the

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

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

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

9 **(3) FEES AND COSTS.** An insurer or its service provider shall not charge any
10 beneficiary or other authorized representative for any fees or costs associated with
11 a death master file search or verification of a death master file match conducted
12 pursuant to this section.

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

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

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

