

ASSEMBLY BILL NO. 226—ASSEMBLYWOMAN
BUSTAMANTE ADAMS

MARCH 11, 2013

Referred to Committee on Commerce and Labor

SUMMARY—Enacts provisions governing certain policies of insurance, annuities and retained asset accounts. (BDR 57-588)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to insurance; requiring an insurer to request certain information from its insureds, annuity holders and retained asset account holders; requiring an insurer to perform a comparison of the insurer's life insurance policies, annuities and retained asset accounts against the Death Master File from the Social Security Administration or other approved database; requiring an insurer to perform certain actions if a comparison with the Death Master File results in a match with an insured, annuity holder or retained asset account holder; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law governs the business of conducting insurance in this State. (Title 57 of NRS) Existing law further regulates the duties of insurers who issue policies of life insurance and annuities in this State. (Chapter 688A of NRS) This bill sets forth new provisions concerning establishing the identity and death of an insured or beneficiary and the payment of death benefits under a policy of life insurance, annuity or retained asset account.

Sections 3-6 of this bill define the terms "Death Master File," "insured," "policy of life insurance" and "retained asset account" for the purposes of this bill.

Section 7 of this bill requires an insurer, on or before the effective date of a life insurance policy or annuity or on or before the date a retained asset account is established, to request from its insureds, annuity contract holders and retained asset account holders sufficient information to ensure that all benefits are distributed to the correct person upon the death of the insured, annuity holder or retained asset account holder. **Section 8** of this bill requires an insurer, at least semiannually, to



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perform a comparison of the names on the Death Master File from the Social Security Administration with its insureds' life insurance policies, annuities and retained asset accounts to identify potential matches. If an insurer identifies a potential match through a search of the Death Master File, **section 8** requires an insurer to: (1) make a reasonable effort to confirm the death of the insured, annuity holder or retained asset account holder; and (2) determine whether death benefits are due in accordance with the applicable policy or contract. If benefits are due, **section 8** also requires an insurer to: (1) make a reasonable effort to locate each beneficiary; (2) provide each beneficiary with the appropriate claim forms and instructions that detail the procedure for making a claim; and (3) process any claims received accordingly.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Title 57 of NRS is hereby amended by adding thereto a new chapter to consist of the provisions set forth as sections 2 to 10, inclusive, of this act.

Sec. 2. *As used in this chapter, unless the context otherwise requires, the words and terms defined in sections 3 to 6, inclusive, of this act have the meanings ascribed to them in those sections.*

Sec. 3. *"Death Master File" means the Death Master File from the Social Security Administration or any other database or service which is at least as comprehensive as the Death Master File from the Social Security Administration and which is acceptable to the Commissioner for determining that a person has reportedly died.*

Sec. 4. *"Insured" means:*

- 1. A person covered by a policy of life insurance;*
- 2. A holder of a retained asset account; or*
- 3. An annuitant or other owner of an annuity, when the annuity provides for benefits to be paid or other money to be distributed upon the death of the annuitant or other owner of the annuity.*

Sec. 5. 1. *"Policy of life insurance" means any policy or certificate of life insurance that provides a death benefit.*

2. The term does not include:

(a) Any policy or certificate of life insurance that provides a death benefit under an employee benefit program which is subject to the Employee Retirement Income Security Act of 1974, 29 U.S.C. § 1002, as periodically amended or provided pursuant to any federal employee benefit program;

(b) A policy or certificate of life insurance that is used to fund a preneed contract or sales agreement for funeral or burial services pursuant to chapter 689 of NRS; or



1 (c) *A policy or certificate of credit life insurance or credit*
2 *accident and health insurance pursuant to chapter 690A of NRS.*

3 **Sec. 6.** *“Retained asset account” means any account or other*
4 *mechanism by which the settlement of any proceeds payable under*
5 *a policy of life insurance is accomplished by the insurer or a*
6 *person acting on behalf of the insurer by depositing the proceeds*
7 *into an account with draft or check writing privileges, where the*
8 *proceeds are retained by the insurer, pursuant to a supplementary*
9 *contract not involving annuity benefits.*

10 **Sec. 7.** *On or before the effective date of a policy of life*
11 *insurance or annuity or on or before the date of the establishment*
12 *of a retained asset account, and upon any change in an insured,*
13 *an owner or a beneficiary, an insurer shall request information*
14 *sufficient to ensure that all benefits are distributed to the*
15 *appropriate beneficiary upon the death of the insured, including,*
16 *without limitation, the name, address, social security number, date*
17 *of birth and telephone number of the insured and each*
18 *beneficiary, as applicable.*

19 **Sec. 8. 1.** *Each insurer shall, at least semiannually,*
20 *perform a comparison against the Death Master File of the*
21 *policies of life insurance, annuities and retained asset accounts of*
22 *its insureds.*

23 **2.** *If an insurer only has the partial name, social security*
24 *number or date of birth, or a combination thereof, of an insured,*
25 *the insurer shall use the available information to perform the*
26 *comparison pursuant to subsection 1.*

27 **3.** *Each insurer shall implement reasonable procedures to*
28 *account for common variations in data that may otherwise*
29 *preclude an exact match with the Death Master File.*

30 **4.** *Within 90 days after identifying a potential match resulting*
31 *from a comparison of the Death Master File performed pursuant*
32 *to subsection 1, the insurer shall:*

33 **(a)** *Make a reasonable effort to confirm the death of the*
34 *insured against any other available records and information; and*

35 **(b)** *Determine whether death benefits are due in accordance*
36 *with the applicable policy of life insurance or annuity.*

37 **5.** *If the insurer determines that death benefits are due in*
38 *accordance with the applicable policy or annuity, the insurer*
39 *shall:*

40 **(a)** *Make a reasonable effort to locate each beneficiary;*

41 **(b)** *Keep a complete record of all efforts made to locate each*
42 *beneficiary; and*

43 **(c)** *Provide to each beneficiary the appropriate claim forms*
44 *and instructions for making a claim under the policy of life*
45 *insurance or annuity.*



1 6. *The insurer shall process all claims and make prompt*
2 *payments in accordance with NRS 686A.310, 688A.140, 688A.410*
3 *and 688B.100 and any regulations adopted by the Commissioner.*

4 7. *If an insurer is unable to locate a beneficiary pursuant to*
5 *this section, but is otherwise able to reasonably determine the*
6 *death of an insured and determine that a death benefit is due in*
7 *accordance with the applicable policy of life insurance or annuity,*
8 *the death benefit, to the extent it is property pursuant to NRS*
9 *120A.113, shall be deemed abandoned pursuant to NRS 120A.500.*

10 8. *To the extent permitted by law, the insurer may disclose*
11 *minimum necessary personal information about the insured or*
12 *beneficiary to a person who the insurer reasonably believes may*
13 *be able to assist the insurer in locating the beneficiary or a person*
14 *otherwise entitled to payment of the claims proceeds.*

15 9. *With respect to a policy of group life insurance delivered or*
16 *issued for delivery pursuant to chapter 688B of NRS, an insurer is*
17 *required to confirm the possible death of an insured pursuant to*
18 *this chapter if the insurer maintains at least the following*
19 *information for the insured under such a policy:*

- 20 (a) *Social security number or name and date of birth;*
21 (b) *Beneficiary designation information;*
22 (c) *Coverage eligibility;*
23 (d) *Benefit amount; and*
24 (e) *Premium payment status.*

25 **Sec. 9.** *An insurer shall not charge or collect from an*
26 *insured or a beneficiary any fees or costs associated with any*
27 *search or verification conducted pursuant to this chapter.*

28 **Sec. 10.** *The Commissioner may adopt regulations to carry*
29 *out the provisions of this chapter, including, without limitation,*
30 *regulations to assist a person in locating unclaimed life insurance*
31 *benefits.*

32 **Sec. 11.** *The amendatory provisions of this act do not apply to*
33 *an agreement by the Commissioner with an insurer, entered into*
34 *before January 1, 2014, regarding unclaimed life insurance benefits*
35 *originating under:*

- 36 1. *A policy of life insurance;*
37 2. *An annuity;*
38 3. *A retained asset account;*
39 4. *A certificate issued under a policy of life insurance or an*
40 *annuity; or*
41 5. *A certificate issued to a fraternal benefit society pursuant to*
42 *chapter 695A of NRS under which benefits are payable upon the*
43 *death of an insured.*



1 **Sec. 12.** This act becomes effective on January 1, 2014.

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