**INSURANCE CODE - INS**

**DIVISION 2. CLASSES OF INSURANCE [1880 - 12880.8]** *( Division 2 enacted by Stats. 1935, Ch. 145. )*

**PART 2. LIFE AND DISABILITY INSURANCE [10110 - 11549]** *( Part 2 enacted by Stats. 1935, Ch. 145. )*

**CHAPTER 5. General Regulation of Life Insurers [10430 - 10509.946]** *( Chapter 5 enacted by Stats. 1935, Ch. 145. )*

**ARTICLE 12. Unclaimed Life Insurance and Annuities Act [10509.940 - 10509.946]** *( Article 12 added by Stats. 2019, Ch. 286, Sec. 1. )*

**10509.940.** This act shall be known and may be cited as the Unclaimed Life Insurance and Annuities Act.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*

**10509.941.** The purpose of this article is to provide standards for:

(a) Identifying a deceased individual whose death may require an insurer to pay benefits or proceeds to beneficiaries in accordance with the terms of a life insurance policy, annuity contract, or retained asset account.

(b) Locating beneficiaries of a deceased individual and providing appropriate claims forms or instructions to the beneficiaries to make a claim.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*

**10509.942.** For purposes of this article:

(a) “Annuity contract” does not include an annuity used to fund an employment-based retirement plan or program if either of the following applies:

(1) The insurer does not perform the recordkeeping services.

(2) The insurer is not committed by the terms of the annuity contract to pay death benefits to the beneficiaries of specific plan participants.

(b) “Asymmetric conduct” means an insurer’s use of the Death Master File before July 1, 2020, solely for purposes other than determining whether one of its insureds may be deceased in order to locate and pay beneficiaries.

(c) “Beneficiary” or “beneficiaries” means the person or persons entitled or contingently entitled to receive the proceeds from a policy, an annuity contract, or a retained asset account.

(d) “Death Master File” means the United States Social Security Administration’s Death Master File or any other database or service that is at least as comprehensive and accurate as the United States Social Security Administration’s Death Master File for determining that an individual has reportedly died.

(e) “Death Master File match” means a search of the Death Master File that results in a match of the social security number, individual taxpayer identification number, or name and date of birth of an insured that is made and validated in accordance with the requirements of subdivision (a) of Section 10509.944.

(f) “Insured” means an individual identified in a policy, retained asset account, or annuity contract whose death obligates the insurer to pay benefits or proceeds to a beneficiary or beneficiaries.

(g) “Knowledge of death” means any of the following:

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

(2) A Death Master File match.

(3) Any other information in an insurer’s records from which the insurer should know that the insured has died.

(h) “Lapse” means the termination of a policy resulting from nonpayment of premiums or, in the case of variable life and universal life insurance policies, the depletion of cash value below the amount needed to keep the policy in force.

(i) “Policy” means a 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 welfare benefit plan subject to the federal Employee Retirement Income Security Act of 1974 (ERISA) for which the insurer does not provide recordkeeping services, or under any federal employee benefit program.

(2) A funeral insurance contract, as defined in Section 10240.

(3) A policy or certificate of credit life insurance as defined in Section 779.2.

(4) An accidental death or health policy, rider, or certificate, including, but not limited to, a disability or long-term care policy, rider, or certificate.

(5) A joint and survivor annuity contract, if an annuitant is still living.

(6) A policy issued to a group master policyholder for which the insurer does not provide recordkeeping services.

(j) “Recordkeeping services” means circumstances under which an insurer has agreed with a group life insurance policyholder or contractholder to be responsible for obtaining, maintaining, and administering, in its own or its agents’ systems, at least all of the following information about each individual insured under an insured’s group insurance contract or a line of coverage:

(1) Social security number, individual taxpayer identification number, or name and date of birth.

(2) Beneficiary designation information.

(3) Coverage eligibility.

(4) Benefit amount.

(5) Premium payment status.

(k) “Records” means information regarding policies, annuity contracts, and retained asset accounts maintained in an insurer’s administrative systems or the administrative systems of a third party retained by the insurer. “Records” does not include information regarding policies, annuity contracts, and retained asset accounts maintained by a group life insurance policyholder or contractholder, or information that has been deleted from an insurer’s administrative system consistent with this act and the insurer’s record retention and destruction policies.

(l) “Retained asset account” means a mechanism whereby the settlement of proceeds payable under a policy or individual annuity contract, including, but not limited to, the payment of cash surrender value, is accomplished by the insurer or an entity acting on behalf of the insurer establishing an account with check or draft writing privileges, if those proceeds are retained by the insurer, pursuant to a supplementary contract not involving annuity benefits.

(m) “Retained asset accountholder” means the owner of a retained asset account or other person to file a claim for, or otherwise receive proceeds in accordance with the terms of, the retained asset account.

(n) “Thorough search” means reasonable and good faith efforts, documented by an insurer, to identify a beneficiary, determine a current address for the beneficiary, and contact the beneficiary.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*

**10509.943.** (a) This article applies to an in-force policy, annuity contract, or retained asset account, a policy or annuity contract effective on or after July 1, 2020, and a policy that has lapsed on or after January 1, 2019, if the insurer has not engaged in asymmetric conduct.

(b) This article applies to a policy, annuity contract, or retained asset account described in subdivision (a) if one of the following applies:

(1) The insurer is domiciled in this state.

(2) The policy, annuity contract, or retained asset account was issued or delivered in this state.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*

**10509.944.** (a) An insurer shall comply with the following requirements for performing a comparison of a policy, annuity contract, or retained asset account against the Death Master File:

(1) An insurer that has engaged in asymmetric conduct shall compare all in-force policies, annuity contracts, and retained asset accounts and policies that have lapsed from the date it first used the Death Master File to July 1, 2020, against the complete Death Master File to identify potential matches of its insureds.

(2) An insurer that has not engaged in asymmetric conduct shall compare all in-force policies, annuity contracts, and retained asset accounts and policies that have lapsed on or after January 1, 2019, against the complete Death Master File to identify potential matches of its insureds.

(3) If an insurer meets one of the following criteria on July 1, 2020, the insurer is not required to conduct the comparison specified in paragraph (1) or (2) for any in-force policies:

(A) The insurer has entered into a regulatory settlement agreement with the department regarding claims handling practices and the use of the Death Master File.

(B) The insurer has received a targeted market conduct examination report issued by an insurance regulator for a multistate examination regarding claims handling practices and the use of the Death Master File, and the report did not find violations of law.

(4) After an initial review as specified in paragraph (1) or (2), or if an insurer is exempted from paragraphs (1) and (2) pursuant to paragraph (3), an insurer shall compare all in-force policies, annuity contracts, and retained asset accounts and policies that have lapsed within the last 18 months against any updates to the Death Master File at least semiannually to identify potential matches of its insureds. If the insurer conducts a Death Master File search for policies, annuities, or retained asset accounts more frequently than semiannually, the insurer shall conduct a Death Master File search of all policies, annuities, or retained asset accounts with the same frequency.

(5) (A) Except as provided in subparagraph (B), within six months of acquisition of a policy or annuity contract from another insurer, the acquiring insurer shall compare all newly acquired policies and annuity contracts that were not searched by the previous insurer against the complete Death Master File to identify potential matches of its insureds and annuitants.

(B) Upon acquisition of a policy or annuity contract from another insurer, if the previous insurer has already conducted a search of the newly acquired policies and annuity contracts using the complete Death Master File, the acquiring insurer shall compare all newly acquired policies and annuity contracts using all of the Death Master File updates since the time the previous insurer conducted the complete search to identify potential matches of its insureds and annuitants.

(6) In addition to accounting for exact matches of names, social security numbers, individual taxpayer identification numbers, and dates of birth of insureds, an insurer also shall conduct the comparisons required under this section following reasonable procedures that account for all of the following:

(A) Common nicknames, 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.

(B) Compound last names, surname given at birth or married names, and hyphens, blank spaces or apostrophes in last names.

(C) Transposition of the month and date numerals in the date of birth.

(D) Incomplete social security number or individual taxpayer identification number.

(E) Common data entry errors that account for transposed numbers.

(7) Upon identifying a potential match pursuant to this section, an insurer shall promptly make reasonable good faith efforts to validate the match by confirming the death of an insured.

(b) (1) Upon receipt of information establishing knowledge of death of an insured, other than if an insurer has made a match pursuant to subdivision (a), the insurer shall check its records to determine whether the insurer has any other policies, annuity contracts, or retained asset accounts for that insured.

(2) Upon receipt of information establishing knowledge of death of an insured the insurer shall do both of the following:

(A) Notify each United States affiliate, parent, or subsidiary company of the insurer, as appropriate, and any entity with which the insurer contracts that may maintain or control records related to policies, annuity contracts, or retained asset accounts of the knowledge of death or match pursuant to subdivision (a).

(B) Make a reasonable and good faith effort to ensure that each affiliate, parent, or subsidiary company of the insurer or other entity performs a check of their records to determine whether they have any other policies, annuity contracts, or retained asset

accounts for that insured.

(c) If an insurer has not been contacted by a beneficiary within 120 days of an insurer's receipt of information establishing the insurer's knowledge of death of an insured, the insurer shall conduct a thorough search, which shall be completed within one year from the date the insurer received that information.

(d) An insurer may disclose the minimum necessary personal information about an insured or beneficiary to a person to whom the insurer reasonably believes may be able to assist the insurer to locate a beneficiary or a person otherwise entitled to payment of the proceeds. The insurer shall not implement policies or practices that may diminish the rights of, or amounts of proceeds due to, beneficiaries under its policies, annuity contracts, or retained asset accounts.

(e) An insurer or its service provider may not charge a 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.

(f) If the insurer locates a beneficiary, within 15 days after the date of location, the insurer shall provide appropriate claims forms or instructions to the beneficiary to make a claim if the insurer has not already received a claim from that beneficiary.

(g) If an insurer fails to locate a beneficiary following a thorough search, the insurer shall report and remit the proceeds pursuant to Section 1515 of the Code of Civil Procedure.

(h) (1) Except as provided in paragraph (2), at no later than the policy delivery or the establishment of an account, and upon a change of insured or beneficiary, an insurer shall request information from the insured sufficient to ensure that all benefits or proceeds are distributed to the appropriate persons upon the death of the insured, including, at a minimum, the name, address, date of birth, social security number or individual taxpayer identification number, and telephone number of every insured and beneficiary of a policy or account.

(2) If an insurer issues a policy or provides an account based on information received directly from an insured's employer, the insurer may obtain the beneficiary information described in paragraph (1) by communicating with the insured after the insurer's receipt of the information from the insured's employer.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*

**10509.945.** (a) Failure to meet a requirement of this article knowingly or with such frequency as to constitute a general practice is an unfair and deceptive act pursuant to Section 790.03.

(b) This article does not create or imply a private right of action for a violation of this article.

(c) Unless otherwise expressly provided, the remedies or penalties provided for by this article are cumulative to each other and to the remedies or penalties available under all other laws.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*

**10509.946.** The provisions of this article are severable. If any provision of this article or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

*(Added by Stats. 2019, Ch. 286, Sec. 1. (SB 740) Effective January 1, 2020.)*