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# A BILL FOR AN ACT

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RELATING TO UNCLAIMED LIFE INSURANCE BENEFITS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1       SECTION 1. Chapter 431, Hawaii Revised Statutes, is  
2       amended by adding a new part to article 10D to be appropriately  
3       designated and to read as follows:

4               **"PART       . UNCLAIMED LIFE INSURANCE BENEFITS ACT**

5               **§431:10D-A Short title.** This part may be known and cited  
6       as the Unclaimed Life Insurance Benefits Act.

7               **§431:10D-B Purpose.** The purpose of this part is to  
8       require recognition of the escheat or unclaimed property  
9       statutes of this State and require the complete and proper  
10      disclosure, transparency, and accountability relating to any  
11      method of payment for life insurance death benefits regulated by  
12      the State's insurance commissioner.

13              **§431:10D-C Definitions.** As used in this part, the  
14      following definitions apply:

15              "Contract" means an annuity contract; provided that the  
16      term "contract" shall not include an annuity used to fund an  
17      employment-based retirement plan or program where:



(1) The insurer does not perform the record keeping services; or

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

"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 as the United States Social Security Administration's death master file for determining that a person has reportedly died.

"Death master file match" means a search of the death master file that results in a match of the social security number or the name and date of birth of an insured, annuity owner, or retained asset account holder.

"Knowledge of death" means:

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

(2) A death master file match validated by the insurer in accordance with section 431:10D-D(a)(1)(A).



1 "Policy" means any policy or certificate of life insurance  
2 that provides a death benefit; provided that the term "policy"  
3 shall not include:

4 (1) Any policy or certificate of life insurance that  
5 provides a death benefit under an employee benefit  
6 plan:

7 (A) Subject to the federal Employee Retirement Income  
8 Security Act of 1974 (29 U.S.C. 1001, et. seq.),  
9 as periodically amended; or

10 (B) Under any federal employee benefit program;

11 (2) Any policy or certificate of life insurance that is  
12 used to fund a pre-need funeral contract or  
13 prearrangement;

14 (3) Any policy or certificate of credit life or accidental  
15 death insurance; or

16 (4) Any policy issued to a group master policyholder for  
17 which the insurer does not provide record keeping  
18 services.

19 "Record keeping services" means those circumstances under  
20 which the insurer has agreed with a group policy or contract  
21 customer to be responsible for obtaining, maintaining, and



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

- 5 (1) Social security number or name and date of birth;
- 6 (2) Beneficiary designation information;
- 7 (3) Coverage eligibility;
- 8 (4) Benefit amount; and
- 9 (5) Premium payment status.

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

17 **§431:10D-D Insurer conduct.** (a) An insurer shall perform  
18 a comparison of its insureds' in-force policies, contracts, and  
19 retained asset accounts against a death master file, on at least  
20 a semi-annual basis, by using the full death master file once  
21 and thereafter using the death master file update files for



1 future comparisons to identify potential matches of its  
2 insureds. For those potential matches identified as a result of  
3 a death master file match:

4 (1) The insurer shall, within ninety days of a death  
5 master file match:

6 (A) Complete a good faith effort, which shall be  
7 documented by the insurer, to confirm the death  
8 of the insured or retained asset account holder  
9 against other available records and information;

10 (B) Determine whether benefits are due in accordance  
11 with the applicable policy or contract; provided  
12 that if benefits are due in accordance with the  
13 applicable policy or contract:

14 (i) Use good faith efforts, which shall be  
15 documented by the insurer, to locate the  
16 beneficiary or beneficiaries; and

17 (ii) Provide the appropriate claims forms or  
18 instructions to the beneficiary or  
19 beneficiaries to make a claim, including the  
20 need to provide an official death



1 certificate, if applicable under the policy  
2 or contract;

3 (2) With respect to group life insurance, insurers shall  
4 confirm the possible death of an insured when the  
5 insurers maintain at least the following information  
6 of those covered under a policy or certificate:

7 (A) Social security number or name and date of birth;

8 (B) Beneficiary designation information;

9 (C) Coverage eligibility;

10 (D) Benefit amount; and

11 (E) Premium payment status;

12 (3) Every insurer shall implement procedures to account  
13 for the following:

14 (A) Common nicknames, initials used in lieu of a  
15 first or middle name, use of a middle name,  
16 compound first and middle names, and interchanged  
17 first and middle names;

18 (B) Compound last names, maiden or married names, and  
19 hyphens, blank spaces, or apostrophes in last  
20 names;



(C) Transposition of the month and date portions of  
the date of birth; and

(D) Incomplete social security number;

(4) 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  
with locating the beneficiary or a person otherwise  
entitled to payment of the claim proceeds; and

(5) 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.

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

(b) 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



1 verification of a death master file match conducted pursuant to  
2 this section.

3 (c) The benefits from a policy, contract, or retained  
4 asset account, plus any applicable accrued contractual interest,  
5 shall first be payable to the designated beneficiaries or owners  
6 and in the event said beneficiaries or owners cannot be found,  
7 shall escheat to the State as unclaimed property pursuant to  
8 chapter 523A. Interest payable under section 431:10-243 shall  
9 not be payable as unclaimed property under chapter 523A.

10 (d) An insurer shall notify the director of finance upon  
11 the expiration of the statutory time period for escheat that:

12 (1) A policy or contract beneficiary or retained asset  
13 account holder has not submitted a claim with the  
14 insurer; and

15 (2) The insurer has complied with subsection (a) and has  
16 been unable, after good faith efforts documented by  
17 the insurer, to contact the retained asset account  
18 holder, beneficiary, or beneficiaries.

19 (e) The commissioner may adopt such rules and regulations  
20 as may be reasonably necessary to implement the provisions of  
21 this section.





1 (f) The commissioner may, in the commissioner's reasonable  
2 discretion, make an order:

3 (1) Limiting an insurer's death master file comparisons  
4 required under subsection (a) to the insurer's  
5 electronic searchable files or approving a plan and  
6 timeline for conversion of the insurer's files to  
7 electronic searchable files;

8 (2) Exempting an insurer from the death master file  
9 comparisons required under subsection (a) or  
10 permitting an insurer to perform such comparisons less  
11 frequently than semi-annually upon a demonstration of  
12 hardship by the insurer; or

13 (3) Phasing-in compliance with this section according to a  
14 plan and timeline approved by the commissioner.

15 (g) Violation of any requirement of this section by an  
16 insurer is an unfair or deceptive act or practice under article  
17 13. Nothing in this section shall be construed to create or  
18 imply a private cause of action for a violation of this  
19 section."

20 SECTION 2. In codifying the new sections added by section  
21 1 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating  
2 the new sections in this Act.

3 SECTION 3. This Act shall take effect on July 1, 2050.



**Report Title:**

Life Insurance; Unclaimed Life Insurance Benefits; Model  
Unclaimed Life Insurance Benefits Act

**Description:**

Adopts the National Conference of Insurance Legislators' Model Unclaimed Life Insurance Benefits Act, which requires life insurers to conduct database searches using the federal Social Security Administration's death master file or similar database to determine whether an insured has died. Requires life insurers to use good faith efforts to locate any beneficiaries to a policy, contract, or retained asset account. Authorizes the insurance commissioner to use discretion to limit, exempt, or phase-in compliance with requirements under certain circumstances. (SB208 HD1)

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