



Statement of the American Council of Life Insurers
SENATE BILL 67
UNCLAIMED LIFE INSURANCE BENEFITS

The American Council of Life Insurers (ACLI) is a national trade association representing the life insurance industry. ACLI has two hundred eighty-two members and those companies hold over 90% of the life insurance in force in America today. Two Hundred fifty-three ACLI members are licensed to conduct business in Kansas.

Until now, life insurers have never had a legal obligation to search out whether any of their insureds have died. Indeed, until the advent of computers and the Internet, life insurers did not have the capability to feasibly conduct broad searches for deceased insureds. It has always been the insured's beneficiary's obligation to notify the insurer of an insured's death. This bill changes that by requiring life insurers to perform, on at least a semi-annual basis, a comparison of the insurer's policies and retained asset accounts against a death master file (generally the Social Security Death Master File).

If an apparent match is discovered between a name on the Death Master File and the name of an insured person, then within 90 days the life insurer must: 1) complete a good faith effort to confirm the death; 2) determine whether benefits are due under the policy; and 3) make a good faith effort to locate the beneficiary and begin the claims payment process.

In order to locate the policy beneficiary, the insurer will use its own records but may also employ a firm to conduct the search.

If the beneficiary cannot be located, then the life insurer must comply with the applicable provisions of the state's Unclaimed Property Act. This bill does not change the well-established obligation of life insurance companies to escheat unclaimed property to the state.

A Death Master File name match with a name in the insurer's records does not establish unclaimed property. Rather, it merely establishes an unpaid life insurance benefit. Life insurance claims are overseen by the state insurance commissioner. That is why this bill's provisions are being made a part of the state's insurance code. It is only after the insurer has established that their insured is, in fact, dead and that the

beneficiary cannot be found that the unpaid life insurance benefit begins the process of becoming unclaimed property to be escheated to the state.

Currently, around 99% of valid life insurance claims submitted are paid. This bill will add consumer protection by helping to find persons who might otherwise be unaware that they are the beneficiaries of a life insurance policy.

To date, twenty-nine states representing more than 50% of total life insurance premiums in America have enacted this NCOIL Model law and more states will be introducing the bill in 2019.

Through the enactment of bills like SB 67, the life insurance industry and their insurance regulators are seeking to create a nationwide standard for finding persons who might otherwise never know they are the beneficiaries of a life insurance policy.

ACLI in Kansas

253 ACLI member companies provide financial and retirement security to Kansas families through life insurance, annuities, long-term care and disability income insurance, and retirement plans.

94 percent of all life and annuity payments are from ACLI members.

91 percent of total life insurance coverage is provided by ACLI members.

Life Insurance Protection In Kansas

Kansas residents have \$281 billion in total life insurance coverage.

State residents own 1 million individual life insurance policies, with coverage averaging \$130,000 per policyholder.

Group life insurance coverage amounts to \$93 billion.

Individual life insurance coverage purchased in Kansas in 2016 totaled \$15 billion.

\$4 billion was paid to Kansas residents in the form of death benefits, matured endowments, policy dividends, surrender values, and other payments in 2016.

Annuity benefits paid in the state in 2016 totaled \$695 million.