

SENATE COMMITTEE OF REFERENCE REPORT

Chair of Committee

Date

February 20, 2019

Committee on Business, Labor, & Technology.

After consideration on the merits, the Committee recommends the following:

SB19-088 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation:

- 1 Amend printed bill, page 18, line 23, strike "DATE" and substitute "DATE,
2 IF REASONABLY DETERMINABLE BY THE HOLDER,".
- 3 Page 18, lines 25 and 26, strike ""COLORADO UNIFORM TRANSFERS TO
4 MINORS ACT", ARTICLE 50 OF TITLE 11." and substitute "UNIFORM GIFTS
5 TO MINORS ACT OR UNIFORM TRANSFERS TO MINORS ACT OF THE STATE
6 IN WHICH THE ACCOUNT WAS OPENED.".
- 7 Page 25, line 27, strike "BY:".
- 8 Page 26, strike lines 1 through 7 and substitute "BY THE "UNCLAIMED LIFE
9 INSURANCE BENEFITS ACT", PART 8 OF ARTICLE 7 OF TITLE 10.".
- 10 Page 36, line 1, strike "FIFTY" and substitute "TWENTY-FIVE".
- 11 Page 36, line 20, strike "FIFTY" and substitute "TWENTY-FIVE".
- 12 Page 36, line 21, strike "FIFTY" and substitute "TWENTY-FIVE".
- 13 Page 39, line 11, strike "FIFTY" and substitute "TWENTY-FIVE".
- 14 Page 50, strike lines 23 through 27.
- 15 Page 51, strike lines 1 through 13 and substitute:

1 (1) "CONTRACT" MEANS AN ANNUITY CONTRACT. THE TERM DOES
2 NOT INCLUDE AN ANNUITY USED TO FUND AN EMPLOYMENT-BASED
3 RETIREMENT PLAN OR PROGRAM IF:
4 (a) THE INSURER DOES NOT PERFORM THE RECORD-KEEPING
5 SERVICES; OR
6 (b) THE INSURER IS NOT COMMITTED BY TERMS OF THE ANNUITY
7 CONTRACT TO PAY DEATH BENEFITS TO THE BENEFICIARIES OF SPECIFIC
8 PLAN PARTICIPANTS.
9 (2) "DEATH MASTER FILE" MEANS THE UNITED STATES SOCIAL
10 SECURITY ADMINISTRATION DEATH MASTER FILE OR OTHER DATABASES OR
11 SERVICE THAT IS AT LEAST AS COMPREHENSIVE AS THE UNITED STATES
12 SOCIAL SECURITY ADMINISTRATION DEATH MASTER FILE FOR DETERMINING
13 THAT AN INDIVIDUAL REPORTEDLY HAS DIED.
14 (3) "DEATH MASTER FILE MATCH" MEANS A SEARCH OF THE DEATH
15 MASTER FILE THAT RESULTS IN A MATCH OF THE SOCIAL SECURITY NUMBER
16 OR THE NAME AND DATE OF BIRTH OF AN INSURED, ANNUITY OWNER, OR
17 RETAINED ASSET ACCOUNT HOLDER.
18 (4) "KNOWLEDGE OF DEATH" MEANS:
19 (a) RECEIPT OF AN ORIGINAL OR VALID COPY OF A CERTIFIED
20 DEATH CERTIFICATE; OR
21 (b) A DEATH MASTER FILE MATCH VALIDATED BY THE INSURER IN
22 ACCORDANCE WITH SECTION 10-7-803 (2)(a)(I) OF THIS SECTION.
23 (5) "POLICY" MEANS ANY POLICY OR CERTIFICATE OF LIFE
24 INSURANCE THAT PROVIDES A DEATH BENEFIT. THE TERM DOES NOT
25 INCLUDE:
26 (a) A POLICY OR CERTIFICATE OF LIFE INSURANCE THAT PROVIDES
27 A DEATH BENEFIT UNDER AN EMPLOYEE BENEFIT PLAN:
28 (I) SUBJECT TO THE "EMPLOYEE INCOME SECURITY ACT OF 1974",
29 29 U.S.C. SEC. 1002, AS AMENDED; OR
30 (II) UNDER ANY FEDERAL EMPLOYEE BENEFIT PROGRAM;
31 (b) A POLICY OR CERTIFICATE OF LIFE INSURANCE THAT IS USED TO
32 FUND A PRE-NEED FUNERAL CONTRACT OR PREARRANGEMENT;
33 (c) A POLICY OR CERTIFICATE OF CREDIT LIFE OR ACCIDENTAL
34 DEATH INSURANCE; OR
35 (d) A POLICY ISSUED TO A GROUP MASTER POLICYHOLDER FOR
36 WHICH THE INSURER DOES NOT PROVIDE RECORD-KEEPING SERVICES.
37 (6) "RECORD-KEEPING SERVICES" MEANS THOSE SERVICES WHICH
38 THE INSURER HAS AGREED WITH A GROUP POLICY OR CONTRACT CUSTOMER
39 TO BE RESPONSIBLE FOR OBTAINING, MAINTAINING, AND ADMINISTERING
40 IN ITS OWN OR ITS AGENTS' SYSTEMS INFORMATION ABOUT EACH
41 INDIVIDUAL INSURED UNDER AN INSURED'S GROUP INSURANCE CONTRACT,

1 OR A LINE OF COVERAGE THEREUNDER, AT LEAST THE FOLLOWING
2 INFORMATION:

- 3 (a) SOCIAL SECURITY NUMBER OR NAME AND DATE OF BIRTH;
- 4 (b) BENEFICIARY DESIGNATION INFORMATION;
- 5 (c) COVERAGE ELIGIBILITY;
- 6 (d) BENEFIT AMOUNT; AND
- 7 (e) PREMIUM PAYMENT STATUS.

8 (7) "RETAINED ASSET ACCOUNT" MEANS A MECHANISM WHEREBY
9 THE SETTLEMENT OF PROCEEDS PAYABLE UNDER A POLICY OR CONTRACT
10 IS ACCOMPLISHED BY THE INSURER OR AN ENTITY ACTING ON BEHALF OF
11 THE INSURER DEPOSITING THE PROCEEDS INTO AN ACCOUNT WITH CHECK
12 OR DRAFT WRITING PRIVILEGES, IF THOSE PROCEEDS ARE RETAINED BY THE
13 INSURER OR ITS AGENT, PURSUANT TO A SUPPLEMENTARY CONTRACT NOT
14 INVOLVING ANNUITY BENEFITS OTHER THAN DEATH BENEFITS.

15 **10-7-803. Insurers - duty to compare names of insureds with**
16 **death master file and to locate beneficiaries.** (1) AN INSURER SHALL
17 MAKE A GOOD FAITH EFFORT TO DETERMINE THE DEATH OF AN INSURED
18 UPON RECEIPT OF KNOWLEDGE OF DEATH.

19 (2) AN INSURER SHALL PERFORM A COMPARISON OF ITS INSURED'S
20 IN-FORCE POLICIES, CONTRACTS, AND RETAINED ASSET ACCOUNTS
21 AGAINST A DEATH MASTER FILE, ON AT LEAST A SEMIANNUAL BASIS, BY
22 USING THE FULL DEATH MASTER FILE ONCE AND THEREAFTER USING THE
23 DEATH MASTER FILE UPDATE FILES FOR FUTURE COMPARISONS TO IDENTIFY
24 POTENTIAL MATCHES OF ITS INSURED. FOR THOSE POTENTIAL MATCHES
25 IDENTIFIED AS A RESULT OF A DEATH MASTER FILE MATCH, THE INSURER
26 SHALL DO THE FOLLOWING:

27 (a) WITHIN NINETY DAYS OF A DEATH MASTER FILE MATCH, THE
28 INSURER SHALL:

29 (I) COMPLETE A GOOD FAITH EFFORT, WHICH MUST BE
30 DOCUMENTED BY THE INSURER, TO CONFIRM THE DEATH OF THE INSURED
31 OR RETAINED ASSET ACCOUNT HOLDER AGAINST OTHER AVAILABLE
32 RECORDS AND INFORMATION; AND

33 (II) DETERMINE WHETHER BENEFITS ARE DUE IN ACCORDANCE
34 WITH THE APPLICABLE POLICY OR CONTRACT, AND IF BENEFITS ARE DUE IN
35 ACCORDANCE WITH THE APPLICABLE POLICY OR CONTRACT:

36 (A) USE GOOD FAITH EFFORTS, WHICH SHALL BE DOCUMENTED BY
37 THE INSURER, TO LOCATE THE BENEFICIARY OR BENEFICIARIES; AND

38 (B) PROVIDE THE APPROPRIATE CLAIMS FORMS OR INSTRUCTIONS
39 TO THE BENEFICIARY OR BENEFICIARIES TO MAKE A CLAIM INCLUDING THE
40 NEED TO PROVIDE AN OFFICIAL DEATH CERTIFICATE, IF APPLICABLE UNDER
41 THE POLICY OR CONTRACT.

1 (b) WITH RESPECT TO GROUP LIFE INSURANCE, THE INSURER SHALL
2 CONFIRM THE POSSIBLE DEATH OF AN INSURED IF THE INSURER MAINTAINS
3 AT LEAST THE FOLLOWING INFORMATION OF THOSE COVERED UNDER A
4 POLICY OR CERTIFICATE:
5 (I) SOCIAL SECURITY NUMBER OR NAME AND DATE OF BIRTH;
6 (II) BENEFICIARY DESIGNATION INFORMATION;
7 (III) COVERAGE ELIGIBILITY;
8 (IV) BENEFIT AMOUNT; AND
9 (V) PREMIUM PAYMENT STATUS.
10 (c) AN INSURER SHALL IMPLEMENT PROCEDURES TO ACCOUNT FOR:
11 (I) COMMON NICKNAMES, INITIALS USED IN LIEU OF A FIRST OR
12 MIDDLE NAME, USE OF A MIDDLE NAME, COMPOUND FIRST AND MIDDLE
13 NAMES, AND INTERCHANGED FIRST AND MIDDLE NAMES;
14 (II) COMPOUND LAST NAMES, MAIDEN OR MARRIED NAMES, AND
15 HYPHENS, BLANK SPACES OR APOSTROPHES IN LAST NAMES;
16 (III) TRANSPOSITION OF THE "MONTH" AND "DATE" PORTIONS OF
17 THE DATE OF BIRTH; AND
18 (IV) INCOMPLETE SOCIAL SECURITY NUMBERS.
19 (d) TO THE EXTENT PERMITTED BY LAW, THE INSURER MAY
20 DISCLOSE MINIMUM NECESSARY PERSONAL INFORMATION ABOUT THE
21 INSURED OR BENEFICIARY TO A PERSON WHO THE INSURER REASONABLY
22 BELIEVES MAY BE ABLE TO ASSIST THE INSURER LOCATE THE BENEFICIARY
23 OR PERSON OTHERWISE ENTITLED TO PAYMENT OF THE CLAIMS PROCEEDS.
24 (3) AN INSURER OR ITS SERVICE PROVIDER SHALL NOT CHARGE ANY
25 BENEFICIARY OR OTHER AUTHORIZED REPRESENTATIVE FOR ANY FEES OR
26 COSTS ASSOCIATED WITH A DEATH MASTER FILE SEARCH OR VERIFICATION
27 OF A DEATH MASTER FILE MATCH CONDUCTED PURSUANT TO THIS SECTION.
28 (4) THE BENEFITS FROM A POLICY, CONTRACT, OR A RETAINED
29 ASSET ACCOUNT, PLUS ANY APPLICABLE ACCRUED CONTRACTUAL
30 INTEREST SHALL FIRST BE PAYABLE TO THE DESIGNATED BENEFICIARIES OR
31 OWNERS AND IN THE EVENT SAID BENEFICIARIES OR OWNERS CANNOT BE
32 FOUND, SHALL BE TRANSFERRED TO THE COLORADO ADMINISTRATOR AS
33 UNCLAIMED PROPERTY PURSUANT TO THE "REVISED UNIFORM UNCLAIMED
34 PROPERTY ACT", ARTICLE 13 OF TITLE 38.
35 (5) AN INSURER THAT FAILS TO COMPLY WITH THIS SECTION IS
36 SUBJECT TO THE CIVIL PENALTIES IN ACCORDANCE WITH SECTION
37 10-1-310. A PRIVATE CAUSE OF ACTION FOR A VIOLATION OF THIS SECTION
38 IS NOT PERMITTED."

39 Renumber succeeding sections accordingly.
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