



**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** Yes

**FOLLOWING WERE PRINTED:**

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**REPORTS:** No

**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

RH/CL

P.L.2017, CHAPTER 236, *approved September 13, 2017*  
Assembly Committee Substitute (*First Reprint*) for  
Assembly, No. 2511

1 AN ACT concerning life insurance and supplementing Title 17B of  
2 the New Jersey Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. As used in this act:

8 “Account” means any mechanism, whether denoted as a retained  
9 asset account or otherwise, whereby the settlement of proceeds  
10 payable to a beneficiary under a policy is accomplished by the  
11 insurer or an entity acting on behalf of the insurer where the  
12 proceeds are retained by the insurer pursuant to a supplementary  
13 contract not involving annuity benefits other than death benefits.

14 “Commissioner” means the Commissioner of Banking and  
15 Insurance.

16 “Death index” means the death master file maintained by the  
17 United States Social Security Administration or any other database  
18 or service that is at least as comprehensive as the death master file  
19 maintained by the United States Social Security Administration and  
20 that is acceptable to the commissioner.

21 “Insured” means an individual covered by a policy or an  
22 annuitant when the annuity contract provides for benefits to be paid  
23 or other monies to be distributed upon the death of the annuitant.

24 “Insurer” means a life insurance company or fraternal benefit  
25 society <sup>1</sup>that is required to file an annual financial audit pursuant to  
26 N.J.A.C.11:2-26.4<sup>1</sup>.

27 <sup>1</sup>["Lost policy finder" means a service made available by the  
28 Department of Banking and Insurance on its website or otherwise  
29 developed by the commissioner to assist consumers in locating  
30 unclaimed life insurance benefits.]<sup>1</sup>

31 “Policy” means a life insurance policy, an annuity contract, a  
32 certificate under a life insurance policy, or a certificate issued by a  
33 fraternal benefit society, under which benefits are to be paid upon  
34 the death of the insured, and which is issued on or after the  
35 effective date of this act.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is  
not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

<sup>1</sup>Senate SCM committee amendments adopted June 19, 2017.

1       2. a. This act shall apply to:

2       (1) every policy issued by a domestic insurer in this State and  
3 any account established under or as a result of that policy; and

4       (2) every policy delivered or issued for delivery in New Jersey  
5 by an authorized foreign insurer and any account established under  
6 or as a result of that policy.

7       b. Notwithstanding subsection a. of this section, with respect to  
8 a policy delivered or issued for delivery outside this State, a  
9 domestic insurer may, in lieu of the requirements of this act,  
10 implement procedures that meet the minimum requirements of the  
11 state in which the policy was delivered or issued, provided that the  
12 commissioner concludes that those other requirements are no less  
13 favorable to the policy owner and beneficiary than those required  
14 by this act.

15

16       3. a. Every insurer shall use the death index to cross-check  
17 every policy and account subject to this act no less frequently than  
18 on a semi-annual basis, except as specified in section 6 of this act.  
19 An insurer may perform the cross-check using the updates made to  
20 the death index since the date of the last cross-check performed by  
21 the insurer, provided that the insurer performs the cross-check using  
22 the entire death index at least once. The commissioner may  
23 promulgate rules and regulations that allow an insurer to perform  
24 the cross-checks less frequently than semi-annually.

25       b. The cross-checks shall be performed using the social  
26 security number, the name, and date of birth of the insured or  
27 account holder.

28       c. If an insurer only has a partial name, social security number,  
29 date of birth, or combination thereof, of the insured or account  
30 holder under a policy or account, the insurer shall use the available  
31 information to perform the cross check.

32       d. Every insurer shall implement reasonable procedures to  
33 account for common variations in data that would otherwise  
34 preclude an exact match with a death index.

35

36       4. Upon receiving notification of the death of an insured or  
37 account holder or in the event of a match made by a death index  
38 cross-check pursuant to section 3 of this act, an insurer shall search  
39 every policy or account subject to this <sup>1</sup>[substitute] act<sup>1</sup> to  
40 determine whether the insurer has any other policies or accounts for  
41 the insured or account holder.

42

43       5. a. An insurer shall establish procedures to reasonably  
44 confirm the death of an insured or account holder and begin to  
45 locate beneficiaries within 90 days after the identification of a  
46 potential match made by a death index cross-check or by a search  
47 conducted by the insurer pursuant to section 4 of this act. For those

1 potential matches identified as a result of a death index match, the  
2 insurer shall, within 90 days of a death index match, complete a  
3 good faith effort, which shall be documented by the insurer, to  
4 locate the beneficiary or beneficiaries.

5 b. Once the beneficiary or beneficiaries under the policy or  
6 account have been located, the insurer shall provide to the  
7 beneficiary or beneficiaries the information necessary to make a  
8 claim pursuant to the terms of the policy or account. The insurer  
9 shall process all claims and make prompt payments and  
10 distributions in accordance with all applicable laws, rules, and  
11 regulations.

12 c. Nothing in this act shall be construed to prevent an insurer  
13 from requiring satisfactory proof of loss, such as a death certificate,  
14 for the purpose of verifying the death of the insured.

15

16 6. This act shall not apply to:

17 a. any account or policy issued to a group master policyholder  
18 in which the insurer does not maintain records on its administrative  
19 systems containing the information necessary to comply with the  
20 requirements of this act;

21 b. any account, policy, or certificate that provides a death  
22 benefit under an employee benefits, government or church plan  
23 subject to or as defined under the Employee Retirement Income  
24 Security Act of 1974 (29 U.S.C. s.1002) or any other federal  
25 employee benefit program;

26 c. any policy or certificate of life insurance that is used to fund  
27 a preneed funeral contract or prearrangement;

28 d. any policy or certificate of credit life or accidental death  
29 insurance; or

30 e. any other circumstance as determined to be appropriate by  
31 the commissioner.

32

33 <sup>1</sup>[7. The commissioner shall develop and implement a lost  
34 policy finder to assist requestors in locating unclaimed life  
35 insurance benefits. The lost policy finder shall be available via a  
36 secure online portal and via regular mail. The commissioner shall  
37 assist a requestor in using the lost policy finder, including  
38 informing the requestor of the information an insurer may need to  
39 facilitate responding to the request. The requestor shall be required  
40 to provide a copy of the death certificate and sufficient information  
41 to identify the possible insured.]<sup>1</sup>

42

43 <sup>1</sup>[8.] 7.<sup>1</sup> This act shall take effect on the first day of the sixth  
44 month following enactment, provided that the commissioner may  
45 take such anticipatory action as necessary to effectuate the purposes  
46 of the act.

1

2

3

4

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Requires life insurers to use federal death master file to identify potential matches.

# ASSEMBLY, No. 2511

## STATE OF NEW JERSEY 217th LEGISLATURE

INTRODUCED FEBRUARY 4, 2016

**Sponsored by:**

**Assemblyman TIM EUSTACE**  
**District 38 (Bergen and Passaic)**

**SYNOPSIS**

Requires life insurers to use federal death master file to identify potential matches.

**CURRENT VERSION OF TEXT**

As introduced.



A2511 EUSTACE

2

1 AN ACT concerning life insurance and supplementing Title 17B of  
2 the New Jersey Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6

7 1. As used in this act:

8 “Account” means any mechanism, whether denoted as a retained  
9 asset account or otherwise, whereby the settlement of proceeds  
10 payable to a beneficiary under a policy is accomplished by the  
11 insurer or an entity acting on behalf of the insurer where the  
12 proceeds are retained by the insurer pursuant to a supplementary  
13 contract.

14 “Commissioner” means the Commissioner of Banking and  
15 Insurance.

16 “Death index” means the death master file maintained by the  
17 United States Social Security Administration or any other database  
18 or service that is at least as comprehensive as the death master file  
19 maintained by the United States Social Security Administration and  
20 that is acceptable to the commissioner.

21 “Insured” means an individual covered by a policy or an  
22 annuitant when the annuity contract provides for benefits to be paid  
23 or other monies to be distributed upon the death of the annuitant.

24 “Insurer” means a life insurance company or fraternal benefit  
25 society.

26 “Lost policy finder” means a service made available by the  
27 Department of Banking and Insurance on its website or otherwise  
28 developed by the commissioner to assist consumers in locating  
29 unclaimed life insurance benefits.

30 “Policy” means a life insurance policy, including a policy that  
31 has lapsed or been terminated, an annuity contract, a certificate  
32 under a life insurance policy or annuity contract, or a certificate  
33 issued by a fraternal benefit society, under which benefits are to be  
34 paid upon the death of the insured.

35

36 2. a. This act shall apply to:

37 (1) every policy issued by a domestic insurer and any account  
38 established under or as a result of that policy; and

39 (2) every policy delivered or issued for delivery in New Jersey  
40 by an authorized foreign insurer and any account established under  
41 or as a result of that policy.

42 b. Notwithstanding subsection a. of this section:

43 (1) with respect to a policy delivered or issued for delivery  
44 outside this State, a domestic insurer may, in lieu of the  
45 requirements of this section, implement procedures that meet the  
46 minimum requirements of the state in which the policy was  
47 delivered or issued, provided that the commissioner concludes that



A2511 EUSTACE

1 those other requirements are no less favorable to the policy owner  
2 and beneficiary than those required by this section; and

3 (2) this act shall not apply to lapsed or terminated policies with  
4 no benefits payable that were searched within the 365 days  
5 preceding the effective date of this act, or that were searched more  
6 than 18 months prior to the most recent search conducted by the  
7 insurer.

8  
9 3. a. Except as provided in subsection b. of this section, at no  
10 later than policy delivery or the establishment of an account and  
11 upon any change of insured, owner, or beneficiary, every insurer  
12 shall request information sufficient to ensure that all benefits or  
13 other monies are distributed to the appropriate persons upon the  
14 death of the insured or account holder, including, at a minimum, the  
15 name, address, social security number, date of birth, and telephone  
16 number of every owner, insured and beneficiary of that policy or  
17 account, as applicable.

18 b. In situations in which an insurer issues a policy or provides  
19 for an account based on data received directly from an insured's  
20 employer, the insurer may obtain the beneficiary information  
21 described in subsection a. of this section after receiving the data  
22 from the insured's employer.

23  
24 4. a. Every insurer shall use the death index to cross-check  
25 every policy and account subject to this act no less frequently than  
26 quarterly, except as specified in section 7 of this act. An insurer  
27 may perform the cross-check using the updates made to the death  
28 index since the date of the last cross-check performed by the  
29 insurer, provided that the insurer performs the cross-check using the  
30 entire death index at least once a year. The commissioner may  
31 promulgate rules and regulations that allow an insurer to perform  
32 the cross-checks less frequently than quarterly, provided, however,  
33 the insurer shall not perform cross-checks less than semi-annually.

34 b. The cross-checks shall be performed using the social  
35 security number, the name, and date of birth of the insured or  
36 account holder.

37 c. If an insurer only has a partial name, social security number,  
38 date of birth, or combination thereof, of the insured or account  
39 holder under a policy or account, the insurer shall use the available  
40 information to perform the cross check.

41 d. Every insurer shall implement reasonable procedures to  
42 account for common variations in data that would otherwise  
43 preclude an exact match with a death index.

44  
45 5. a. Upon receiving notification of the death of an insured or  
46 account holder or in the event of a match made by a death index  
47 cross-check pursuant to section 4 of this act, an insurer shall search  
48 every policy or account subject to this section to determine whether

A2511 EUSTACE

1 the insurer has any other policies or accounts for the insured or  
2 account holder.

3 b. An insurer that receives a notification of the death of an  
4 insured or account holder, or identifies a death index match, shall  
5 notify each United States affiliate, parent, or subsidiary, and any  
6 entity with which the insurer contracts that may maintain or control  
7 records relating to policies or accounts covered by this act, of the  
8 notification or verified death index match. An insurer shall take all  
9 steps necessary to have each affiliate, parent, subsidiary, or other  
10 entity perform the search required by subsection a. of this section.

11

12 6. a. An insurer shall establish procedures to reasonably  
13 confirm the death of an insured or account holder and begin to  
14 locate beneficiaries within 90 days after the identification of a  
15 potential match made by a death index cross-check or by a search  
16 conducted by the insurer pursuant to section 5 of this act. If the  
17 insurer cannot locate beneficiaries within 90 days after the  
18 identification of a potential match, then the insurer shall continue to  
19 search for beneficiaries until the benefits escheat in accordance with  
20 applicable law.

21 b. Once the beneficiary or beneficiaries under the policy or  
22 account have been located, the insurer shall provide to the  
23 beneficiary or beneficiaries the information necessary to make a  
24 claim pursuant to the terms of the policy or account. The insurer  
25 shall process all claims and make prompt payments and  
26 distributions in accordance with all applicable laws, rules, and  
27 regulations.

28 c. Nothing in this act shall be construed to prevent an insurer  
29 from requiring satisfactory proof of loss, such as a death certificate,  
30 for the purpose of verifying the death of the insured.

31

32 7. This act shall not apply to:

33 a. group policies in situations in which the insurer does not  
34 maintain records on its administrative systems containing the  
35 information necessary to comply with the requirements of this act;

36 b. any policy or certificate that provides a death benefit under  
37 an employee benefits, government or church plan subject to or as  
38 defined under the Employee Retirement Income Security Act of  
39 1974 (29 U.S.C. s.1002) or any other federal employee benefit  
40 program; or

41 c. any other circumstance as determined to be appropriate by  
42 the commissioner.

43

44 8. a. The commissioner shall develop and implement a lost  
45 policy finder to assist requestors in locating unclaimed life  
46 insurance benefits. The lost policy finder shall be available online  
47 and via other means, including, but not limited to, a toll free  
48 telephone number. The commissioner shall assist a requestor in

A2511 EUSTACE

- 1 using the lost policy finder, including informing the requestor of the  
2 information an insurer may need to facilitate responding to the  
3 request.
- 4 b. As soon as practicable, but no later than 30 days after  
5 receiving a request from a requestor via the lost policy finder, the  
6 commissioner shall:
- 7 (1) forward the request to all insurers deemed necessary by the  
8 commissioner in order to successfully respond to the consumer's  
9 request; and
- 10 (2) inform the requestor in writing that the request has been  
11 received and forwarded to all insurers deemed necessary by the  
12 commissioner in order to successfully respond to the request.
- 13 c. Upon receiving a request forwarded by the commissioner  
14 through a lost policy finder application, every insurer shall search  
15 for policies and any accounts subject to this act that insure the life  
16 of, or are owned by, an individual named as the decedent in the  
17 request forwarded by the commissioner.
- 18 d. Within 30 days of receiving the request referenced in  
19 subsection b. of this section, the insurer shall:
- 20 (1) report to the commissioner through the lost policy finder the  
21 findings of the search conducted pursuant to subsection c. of this  
22 section;
- 23 (2) for each identified policy and account insuring the life of, or  
24 owned by, the named insured, provide to a requestor who is also the  
25 beneficiary of record on the identified policy or account, the  
26 information necessary to make a claim pursuant to the terms of the  
27 policy or account; and
- 28 (3) for each identified policy and account insuring the life of, or  
29 owned by, the named insured, provide to a requestor who is not the  
30 beneficiary of record on the identified policy or account, the  
31 requested information to the extent permissible to be disclosed in  
32 accordance with any applicable law, rule, and regulation and take  
33 any other steps necessary to facilitate the payment of any benefit  
34 that may be due under the identified policy or account.
- 35 e. The commissioner shall, within 30 days of receiving from all  
36 insurers the information required in paragraph (1) of subsection d.  
37 of this section, inform the requestor of the results of the search.
- 38 f. When a beneficiary identified in subsection d. of this section  
39 submits a claim or claims to an insurer, the insurer shall process  
40 those claims and make prompt payments and distributions in  
41 accordance with all applicable laws, rules, and regulations.
- 42 g. Within 30 days of the final disposition of the request, the  
43 insurer shall report to the commissioner through the lost policy  
44 finder any benefits paid and any other information requested by the  
45 commissioner.
- 46 h. Every insurer shall establish procedures to electronically  
47 receive the lost policy finder application request from, and make  
48 reports to, the commissioner as provided for in this act.

A2511 EUSTACE

1 9. Every insurer subject to this act shall submit to the  
2 Unclaimed Property Administration in the Department of Treasury  
3 any information on unclaimed benefits due pursuant to this act for  
4 the prior calendar year under which any outstanding monies have  
5 not been paid or distributed by December 31st of that year, except  
6 potential matches still being investigated pursuant to subsection a.  
7 of section 4 of this act. A copy of the report shall also be filed with  
8 the commissioner.

9  
10 10. This act shall take effect on the first day of the sixth month  
11 following enactment, provided that the commissioner may take such  
12 anticipatory action as necessary to effectuate the purposes of the  
13 act.

14  
15  
16 STATEMENT

17  
18 This bill requires life insurers to use the federal death master file  
19 to identify potential matches of insureds or account holders to  
20 confirm deaths and locate beneficiaries.

21 The bill provides that every insurer must request information  
22 sufficient to ensure that all benefits or other monies are distributed  
23 to the appropriate persons upon the death of the insured or account  
24 holder, including, at a minimum, the name, address, social security  
25 number, date of birth, and telephone number of every owner,  
26 insured and beneficiary of that policy or account, as applicable. In  
27 situations in which an insurer issues a policy or provides for an  
28 account based on data received directly from an insured's employer,  
29 the insurer may obtain the beneficiary information after receiving  
30 the data from the insured's employer.

31 The bill requires life insurers to use the federal death master file,  
32 or death index, to cross-check every policy and account subject to  
33 the bill's provisions no less frequently than quarterly, except as  
34 otherwise provided. The cross-checks are to be performed using the  
35 social security number, name, and date of birth of the insured or  
36 account holder, or, partial information concerning the insured or  
37 account holder if necessary. The bill requires insurers to implement  
38 reasonable procedures to account for common variations in data that  
39 would otherwise preclude an exact match with the death index.

40 Under the bill, when an insurer receives a notification of the  
41 death of an insured or account holder, or in the event of a match  
42 made by a death index cross-check, the bill requires insurers to  
43 search their policies or accounts to determine whether they have  
44 any other policies or accounts for the insured or account holder. An  
45 insurer that receives a notification of the death of an insured or  
46 account holder, or identifies a death index match, shall notify each  
47 United States affiliate, parent, or subsidiary, of the notification or

**A2511 EUSTACE**

1 verified death index match and take all steps necessary to have each  
2 affiliate, parent, subsidiary, or other entity perform the search.

3 An insurer shall establish procedures to reasonably confirm the  
4 death of an insured or account holder and begin to locate  
5 beneficiaries within 90 days after the identification of a potential  
6 match made by a death index cross-check or by a search conducted  
7 by the insurer. If the insurer cannot locate beneficiaries within 90  
8 days after the identification of a potential match, then the insurer  
9 shall continue to search for beneficiaries until the benefits escheat  
10 in accordance with applicable law.

11 Once beneficiaries under a policy or account have been located,  
12 the bill requires insurers to provide them the information necessary  
13 to make a claim pursuant to the terms of the policy or account. The  
14 bill does not prevent an insurer from requiring satisfactory proof of  
15 loss for the purpose of verifying the death of an insured.

16 The bill also requires the Commissioner of Banking and  
17 Insurance to develop and implement a lost policy finder to assist  
18 requestors in locating unclaimed life insurance benefits. The lost  
19 policy finder shall be available online and via other means,  
20 including, but not limited to, a toll free telephone number.

21 The bill requires the commissioner to forward a lost policy  
22 request to all insurers deemed necessary by the commissioner to  
23 successfully respond to the consumer's request and to inform the  
24 requestor in writing that the request has been received and  
25 forwarded to those insurers.

26 The bill requires insurers, upon receiving a request forwarded by  
27 the commissioner through a lost policy finder application, to search  
28 for policies and any accounts subject to the bill that insure the life  
29 of, or are owned by, an individual named as the decedent in the  
30 request forwarded by the commissioner.

31 The bill requires every insurer subject to the bill to submit to the  
32 Unclaimed Property Administration in the Department of Treasury  
33 any information on unclaimed benefits due for the prior calendar  
34 year under which any outstanding monies have not been paid or  
35 distributed by December 31st of that year, except potential matches  
36 still being investigated. A copy of the report must also be filed with  
37 the commissioner.

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE  
COMMITTEE

STATEMENT TO

ASSEMBLY COMMITTEE SUBSTITUTE FOR  
**ASSEMBLY, No. 2511**

**STATE OF NEW JERSEY**

DATED: JUNE 2, 2016

The Assembly Financial Institutions and Insurance Committee reports favorably an Assembly Committee Substitute for Assembly Bill No. 2511.

This committee substitute requires life insurers to use the federal death master file to identify potential matches of insureds or account holders to confirm deaths and locate beneficiaries.

The substitute requires life insurers to use the federal death master file, or death index, to cross-check every policy and account subject to the substitute's provisions no less frequently than semi-annually, except as otherwise provided in the substitute. The cross-checks are to be performed using the social security number, name, and date of birth of the insured or account holder, or, partial information concerning the insured or account holder if necessary. The substitute requires insurers to implement reasonable procedures to account for common variations in data that would otherwise preclude an exact match with the death index.

Under the substitute, when an insurer receives a notification of the death of an insured or account holder, or in the event of a match made by a death index cross-check, the substitute requires insurers to search their policies or accounts to determine whether they have any other policies or accounts for the insured or account holder.

An insurer shall establish procedures to reasonably confirm the death of an insured or account holder and begin to locate beneficiaries within 90 days after the identification of a potential match made by a death index cross-check or by a search conducted by the insurer.

Once beneficiaries under a policy or account have been located, the substitute requires insurers to provide them the information necessary to make a claim pursuant to the terms of the policy or account. The substitute does not prevent an insurer from requiring satisfactory proof of loss for the purpose of verifying the death of an insured.

The substitute also requires the Commissioner of Banking and Insurance to develop and implement a lost policy finder to assist

requestors in locating unclaimed life insurance benefits. The lost policy finder shall be available online and via regular mail.

Finally, the substitute requires the commissioner to assist a requestor in using the lost policy finder, including informing the requestor of the information an insurer may need to facilitate responding to the request. The requestor shall be required to provide a copy of the death certificate and sufficient information to identify the possible insured.

# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### ASSEMBLY COMMITTEE SUBSTITUTE FOR **ASSEMBLY, No. 2511**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 19, 2017

The Senate Commerce Committee reports favorably, and with amendments, the Assembly Committee Substitute for Assembly Bill No. 2511.

This substitute bill, as amended, requires certain life insurers to use the federal death master file to identify potential matches of insureds or account holders to confirm deaths and locate beneficiaries. The amended substitute excludes from the bill's provisions companies that are not required to file an annual financial audit with the Department of Banking and Insurance, which includes companies that have less than \$1,000,000 of direct premiums in any calendar year and less than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of such calendar year.

The substitute requires life insurers to use the federal death master file, or death index, to cross-check every policy and account subject to the substitute's provisions no less frequently than semi-annually, except as otherwise provided in the substitute. The cross-checks are to be performed using the social security number, name, and date of birth of the insured or account holder, or, partial information concerning the insured or account holder if necessary. The substitute requires insurers to implement reasonable procedures to account for common variations in data that would otherwise preclude an exact match with the death index.

Under the substitute, when an insurer receives a notification of the death of an insured or account holder, or in the event of a match made by a death index cross-check, the substitute requires insurers to search their policies or accounts to determine whether they have any other policies or accounts for the insured or account holder.

An insurer shall establish procedures to reasonably confirm the death of an insured or account holder and begin to locate beneficiaries within 90 days after the identification of a potential match made by a death index cross-check or by a search conducted by the insurer.



Once beneficiaries under a policy or account have been located, the substitute requires insurers to provide them the information necessary to make a claim pursuant to the terms of the policy or account. The substitute does not prevent an insurer from requiring satisfactory proof of loss for the purpose of verifying the death of an insured.

As amended and reported by the committee, this bill is identical to the Senate Committee Substitute for S-2211, as reported by the committee.

#### COMMITTEE AMENDMENTS

The committee amended the substitute bill to:

- Exclude from the bill's provisions insurers that are not required by the Department of Banking and Insurance to file an annual financial audit pursuant to N.J.A.C. 11:2-26.4, thereby excluding from the bill companies that have less than \$1,000,000 of direct premiums in any calendar year and less than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of such calendar year;
- Remove the requirement that the Department of Banking and Insurance develop and implement a lost policy finder; and
- Make a technical correction in section 4 of the bill.

**SENATE, No. 2211**

**STATE OF NEW JERSEY**  
**217th LEGISLATURE**

INTRODUCED MAY 16, 2016

**Sponsored by:**

**Senator SHIRLEY K. TURNER**

**District 15 (Hunterdon and Mercer)**

**SYNOPSIS**

Requires life insurers to use federal death master file to identify potential matches.

**CURRENT VERSION OF TEXT**

As introduced.



1 AN ACT concerning life insurance and supplementing Title 17B of  
2 the New Jersey Statutes.

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10 payable to a beneficiary under a policy is accomplished by the  
11 insurer or an entity acting on behalf of the insurer where the  
12 proceeds are retained by the insurer pursuant to a supplementary  
13 contract.

14 “Commissioner” means the Commissioner of Banking and  
15 Insurance.

16 “Death index” means the death master file maintained by the  
17 United States Social Security Administration or any other database  
18 or service that is at least as comprehensive as the death master file  
19 maintained by the United States Social Security Administration and  
20 that is acceptable to the commissioner.

21 “Insured” means an individual covered by a policy or an  
22 annuitant when the annuity contract provides for benefits to be paid  
23 or other monies to be distributed upon the death of the annuitant.

24 “Insurer” means a life insurance company or fraternal benefit  
25 society.

26 “Lost policy finder” means a service made available by the  
27 Department of Banking and Insurance on its website or otherwise  
28 developed by the commissioner to assist consumers in locating  
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30 “Policy” means a life insurance policy, including a policy that  
31 has lapsed or been terminated, an annuity contract, a certificate  
32 under a life insurance policy or annuity contract, or a certificate  
33 issued by a fraternal benefit society, under which benefits are to be  
34 paid upon the death of the insured.

35

36 2. a. This act shall apply to:

37 (1) every policy issued by a domestic insurer and any account  
38 established under or as a result of that policy; and

39 (2) every policy delivered or issued for delivery in New Jersey  
40 by an authorized foreign insurer and any account established under  
41 or as a result of that policy.

42 b. Notwithstanding subsection a. of this section:

43 (1) with respect to a policy delivered or issued for delivery  
44 outside this State, a domestic insurer may, in lieu of the  
45 requirements of this section, implement procedures that meet the  
46 minimum requirements of the state in which the policy was  
47 delivered or issued, provided that the commissioner concludes that

S2211 TURNER

1 those other requirements are no less favorable to the policy owner  
2 and beneficiary than those required by this section; and

3 (2) this act shall not apply to lapsed or terminated policies with  
4 no benefits payable that were searched within the 365 days  
5 preceding the effective date of this act, or that were searched more  
6 than 18 months prior to the most recent search conducted by the  
7 insurer.

8  
9 3. a. Except as provided in subsection b. of this section, at no  
10 later than policy delivery or the establishment of an account and  
11 upon any change of insured, owner, or beneficiary, every insurer  
12 shall request information sufficient to ensure that all benefits or  
13 other monies are distributed to the appropriate persons upon the  
14 death of the insured or account holder, including, at a minimum, the  
15 name, address, social security number, date of birth, and telephone  
16 number of every owner, insured and beneficiary of that policy or  
17 account, as applicable.

18 b. In situations in which an insurer issues a policy or provides  
19 for an account based on data received directly from an insured's  
20 employer, the insurer may obtain the beneficiary information  
21 described in subsection a. of this section after receiving the data  
22 from the insured's employer.

23  
24 4. a. Every insurer shall use the death index to cross-check  
25 every policy and account subject to this act no less frequently than  
26 quarterly, except as specified in section 7 of this act. An insurer  
27 may perform the cross-check using the updates made to the death  
28 index since the date of the last cross-check performed by the  
29 insurer, provided that the insurer performs the cross-check using the  
30 entire death index at least once a year. The commissioner may  
31 promulgate rules and regulations that allow an insurer to perform  
32 the cross-checks less frequently than quarterly, provided, however,  
33 the insurer shall not perform cross-checks less than semi-annually.

34 b. The cross-checks shall be performed using the social  
35 security number, the name, and date of birth of the insured or  
36 account holder.

37 c. If an insurer only has a partial name, social security number,  
38 date of birth, or combination thereof, of the insured or account  
39 holder under a policy or account, the insurer shall use the available  
40 information to perform the cross check.

41 d. Every insurer shall implement reasonable procedures to  
42 account for common variations in data that would otherwise  
43 preclude an exact match with a death index.

44  
45 5. a. Upon receiving notification of the death of an insured or  
46 account holder or in the event of a match made by a death index  
47 cross-check pursuant to section 4 of this act, an insurer shall search  
48 every policy or account subject to this section to determine whether

**S2211 TURNER**

1 the insurer has any other policies or accounts for the insured or  
2 account holder.

3 b. An insurer that receives a notification of the death of an  
4 insured or account holder, or identifies a death index match, shall  
5 notify each United States affiliate, parent, or subsidiary, and any  
6 entity with which the insurer contracts that may maintain or control  
7 records relating to policies or accounts covered by this act, of the  
8 notification or verified death index match. An insurer shall take all  
9 steps necessary to have each affiliate, parent, subsidiary, or other  
10 entity perform the search required by subsection a. of this section.

11

12 6. a. An insurer shall establish procedures to reasonably  
13 confirm the death of an insured or account holder and begin to  
14 locate beneficiaries within 90 days after the identification of a  
15 potential match made by a death index cross-check or by a search  
16 conducted by the insurer pursuant to section 5 of this act. If the  
17 insurer cannot locate beneficiaries within 90 days after the  
18 identification of a potential match, then the insurer shall continue to  
19 search for beneficiaries until the benefits escheat in accordance with  
20 applicable law.

21 b. Once the beneficiary or beneficiaries under the policy or  
22 account have been located, the insurer shall provide to the  
23 beneficiary or beneficiaries the information necessary to make a  
24 claim pursuant to the terms of the policy or account. The insurer  
25 shall process all claims and make prompt payments and  
26 distributions in accordance with all applicable laws, rules, and  
27 regulations.

28 c. Nothing in this act shall be construed to prevent an insurer  
29 from requiring satisfactory proof of loss, such as a death certificate,  
30 for the purpose of verifying the death of the insured.

31

32 7. This act shall not apply to:

33 a. group policies in situations in which the insurer does not  
34 maintain records on its administrative systems containing the  
35 information necessary to comply with the requirements of this act;

36 b. any policy or certificate that provides a death benefit under  
37 an employee benefits, government or church plan subject to or as  
38 defined under the Employee Retirement Income Security Act of  
39 1974 (29 U.S.C. s.1002) or any other federal employee benefit  
40 program; or

41 c. any other circumstance as determined to be appropriate by  
42 the commissioner.

43

44 8. a. The commissioner shall develop and implement a lost  
45 policy finder to assist requestors in locating unclaimed life  
46 insurance benefits. The lost policy finder shall be available online  
47 and via other means, including, but not limited to, a toll free  
48 telephone number. The commissioner shall assist a requestor in

S2211 TURNER

1 using the lost policy finder, including informing the requestor of the  
2 information an insurer may need to facilitate responding to the  
3 request.

4 b. As soon as practicable, but no later than 30 days after  
5 receiving a request from a requestor via the lost policy finder, the  
6 commissioner shall:

7 (1) forward the request to all insurers deemed necessary by the  
8 commissioner in order to successfully respond to the consumer's  
9 request; and

10 (2) inform the requestor in writing that the request has been  
11 received and forwarded to all insurers deemed necessary by the  
12 commissioner in order to successfully respond to the request.

13 c. Upon receiving a request forwarded by the commissioner  
14 through a lost policy finder application, every insurer shall search  
15 for policies and any accounts subject to this act that insure the life  
16 of, or are owned by, an individual named as the decedent in the  
17 request forwarded by the commissioner.

18 d. Within 30 days of receiving the request referenced in  
19 subsection b. of this section, the insurer shall:

20 (1) report to the commissioner through the lost policy finder the  
21 findings of the search conducted pursuant to subsection c. of this  
22 section;

23 (2) for each identified policy and account insuring the life of, or  
24 owned by, the named insured, provide to a requestor who is also the  
25 beneficiary of record on the identified policy or account, the  
26 information necessary to make a claim pursuant to the terms of the  
27 policy or account; and

28 (3) for each identified policy and account insuring the life of, or  
29 owned by, the named insured, provide to a requestor who is not the  
30 beneficiary of record on the identified policy or account, the  
31 requested information to the extent permissible to be disclosed in  
32 accordance with any applicable law, rule, and regulation and take  
33 any other steps necessary to facilitate the payment of any benefit  
34 that may be due under the identified policy or account.

35 e. The commissioner shall, within 30 days of receiving from all  
36 insurers the information required in paragraph (1) of subsection d.  
37 of this section, inform the requestor of the results of the search.

38 f. When a beneficiary identified in subsection d. of this section  
39 submits a claim or claims to an insurer, the insurer shall process  
40 those claims and make prompt payments and distributions in  
41 accordance with all applicable laws, rules, and regulations.

42 g. Within 30 days of the final disposition of the request, the  
43 insurer shall report to the commissioner through the lost policy  
44 finder any benefits paid and any other information requested by the  
45 commissioner.

46 h. Every insurer shall establish procedures to electronically  
47 receive the lost policy finder application request from, and make  
48 reports to, the commissioner as provided for in this act.

1 9. Every insurer subject to this act shall submit to the  
2 Unclaimed Property Administration in the Department of Treasury  
3 any information on unclaimed benefits due pursuant to this act for  
4 the prior calendar year under which any outstanding monies have  
5 not been paid or distributed by December 31st of that year, except  
6 potential matches still being investigated pursuant to subsection a.  
7 of section 4 of this act. A copy of the report shall also be filed with  
8 the commissioner.

9  
10 10. This act shall take effect on the first day of the sixth month  
11 following enactment, provided that the commissioner may take such  
12 anticipatory action as necessary to effectuate the purposes of the  
13 act.

14  
15  
16 STATEMENT

17  
18 This bill requires life insurers to use the federal death master file  
19 to identify potential matches of insureds or account holders to  
20 confirm deaths and locate beneficiaries.

21 The bill provides that every insurer must request information  
22 sufficient to ensure that all benefits or other monies are distributed  
23 to the appropriate persons upon the death of the insured or account  
24 holder, including, at a minimum, the name, address, social security  
25 number, date of birth, and telephone number of every owner,  
26 insured and beneficiary of that policy or account, as applicable. In  
27 situations in which an insurer issues a policy or provides for an  
28 account based on data received directly from an insured's employer,  
29 the insurer may obtain the beneficiary information after receiving  
30 the data from the insured's employer.

31 The bill requires life insurers to use the federal death master file,  
32 or death index, to cross-check every policy and account subject to  
33 the bill's provisions no less frequently than quarterly, except as  
34 otherwise provided. The cross-checks are to be performed using the  
35 social security number, name, and date of birth of the insured or  
36 account holder, or, partial information concerning the insured or  
37 account holder if necessary. The bill requires insurers to implement  
38 reasonable procedures to account for common variations in data that  
39 would otherwise preclude an exact match with the death index.

40 Under the bill, when an insurer receives a notification of the  
41 death of an insured or account holder, or in the event of a match  
42 made by a death index cross-check, the bill requires insurers to  
43 search their policies or accounts to determine whether they have  
44 any other policies or accounts for the insured or account holder. An  
45 insurer that receives a notification of the death of an insured or  
46 account holder, or identifies a death index match, shall notify each  
47 United States affiliate, parent, or subsidiary, of the notification or

1 verified death index match and take all steps necessary to have each  
2 affiliate, parent, subsidiary, or other entity perform the search.

3 An insurer shall establish procedures to reasonably confirm the  
4 death of an insured or account holder and begin to locate  
5 beneficiaries within 90 days after the identification of a potential  
6 match made by a death index cross-check or by a search conducted  
7 by the insurer. If the insurer cannot locate beneficiaries within 90  
8 days after the identification of a potential match, then the insurer  
9 shall continue to search for beneficiaries until the benefits escheat  
10 in accordance with applicable law.

11 Once beneficiaries under a policy or account have been located,  
12 the bill requires insurers to provide them the information necessary  
13 to make a claim pursuant to the terms of the policy or account. The  
14 bill does not prevent an insurer from requiring satisfactory proof of  
15 loss for the purpose of verifying the death of an insured.

16 The bill also requires the Commissioner of Banking and  
17 Insurance to develop and implement a lost policy finder to assist  
18 requestors in locating unclaimed life insurance benefits. The lost  
19 policy finder shall be available online and via other means,  
20 including, but not limited to, a toll free telephone number.

21 The bill requires the commissioner to forward a lost policy  
22 request to all insurers deemed necessary by the commissioner to  
23 successfully respond to the consumer's request and to inform the  
24 requestor in writing that the request has been received and  
25 forwarded to those insurers.

26 The bill requires insurers, upon receiving a request forwarded by  
27 the commissioner through a lost policy finder application, to search  
28 for policies and any accounts subject to the bill that insure the life  
29 of, or are owned by, an individual named as the decedent in the  
30 request forwarded by the commissioner.

31 The bill requires every insurer subject to the bill to submit to the  
32 Unclaimed Property Administration in the Department of Treasury  
33 any information on unclaimed benefits due for the prior calendar  
34 year under which any outstanding monies have not been paid or  
35 distributed by December 31st of that year, except potential matches  
36 still being investigated. A copy of the report must also be filed with  
37 the commissioner.



# SENATE COMMERCE COMMITTEE

## STATEMENT TO

### SENATE COMMITTEE SUBSTITUTE FOR SENATE, No. 2211

# STATE OF NEW JERSEY

DATED: JUNE 19, 2017

The Senate Commerce Committee reports favorably a Senate Committee Substitute for Senate Bill No. 2211.

This committee substitute requires certain life insurers to use the federal death master file to identify potential matches of insureds or account holders to confirm deaths and locate beneficiaries. The substitute excludes from the bill's provisions companies that are not required to file an annual financial audit with the Department of Banking and Insurance, which includes companies that have less than \$1,000,000 of direct premiums in any calendar year and less than 1,000 policyholders or certificateholders of directly written policies nationwide at the end of such calendar year.

The substitute requires life insurers to use the federal death master file, or death index, to cross-check every policy and account subject to the substitute's provisions no less frequently than semi-annually, except as otherwise provided in the substitute. The cross-checks are to be performed using the social security number, name, and date of birth of the insured or account holder, or, partial information concerning the insured or account holder if necessary. The substitute requires insurers to implement reasonable procedures to account for common variations in data that would otherwise preclude an exact match with the death index.

Under the substitute, when an insurer receives a notification of the death of an insured or account holder, or in the event of a match made by a death index cross-check, the substitute requires insurers to search their policies or accounts to determine whether they have any other policies or accounts for the insured or account holder.

An insurer shall establish procedures to reasonably confirm the death of an insured or account holder and begin to locate beneficiaries within 90 days after the identification of a potential match made by a death index cross-check or by a search conducted by the insurer.

Once beneficiaries under a policy or account have been located, the substitute requires insurers to provide them the information necessary to make a claim pursuant to the terms of the policy or account. The substitute does not prevent an insurer from requiring satisfactory proof of loss for the purpose of verifying the death of an insured.

As reported by the committee, this substitute bill is identical to A-2511 (ACS), as amended and reported by the committee.

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### BILLS SIGNED:

**S-2512/A-4446 (Madden, Beach/Quijano)** - Concerns employee leasing agreements

**S-2563/A-4163 (Weinberg, T. Kean/Vainieri Huttle, Lampitt, O'Scanlon, McKnight)** - Clarifies DCA rulemaking authority over free-standing residential health care facilities, and prohibits eviction of residents from such facilities, except for good cause

**A-1661/S-3217 (Schaer, Danielsens, Dancer, Sumter/Cunningham)** - Expands eligibility of inmates for medical parole and requires inmate's enrollment in Medicaid under certain circumstances

**ACS for A-2511/SCS for S-2211 (Eustace/Turner)** - Requires life insurers to use federal death master file to identify potential matches

**A-3433/S-2527 (Greenwald, Jones, Singleton, Webber/Diegnan)** - "Uniform Fiduciary Access to Digital Assets Act"; authorizes executor, agent, guardian, or trustee, under certain circumstances, to manage electronic records of decedent, principal, incapacitated person, or trust creator

**Press Contact:**  
Brian Murray  
609-777-2600



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Office of the Governor  
PO Box 001  
Trenton, NJ 08625  
609-292-6000