



## **Unclaimed Property Model Act HB 1243 by Smithee/SB 561 by Hancock**

### **Background**

Life insurers pay out \$7.9 million a day in benefits in Texas and \$1.6 billion a day nationally. In the normal course of business, 99 percent of life insurance benefits are paid as a response to a claim made by the beneficiary after the death of the insured. Thus, unclaimed life insurance benefits represent a very small percentage of total claims paid. But life insurers operating in Texas and throughout the nation know those percentages represent real people who deserve the benefits that are meant for them.

Historically, if beneficiaries to a life insurance policy do not make a claim on the policy, those unpaid claims remained with the insurance company until either a claim is eventually made or until the insured reaches his or her "limiting age," usually age 107, per the insurance company's records. If attempts to contact beneficiaries were unsuccessful, insurers pay proceeds to the state as unclaimed property. Many companies are using new technology, such as using the Social Security Death Master File, to take proactive measures to determine if an insured has died and then using technology locate missing beneficiaries.

### **Purpose**

This bill amends Chapter 1109 of the Texas Insurance Code and requires life insurance companies to match the Death Master File against their life insurance customer records every 6 months. In the event of a match, insurers would be required to conduct outreach to insureds or their beneficiaries within 90 days to assist beneficiaries with making a claim. Further, the bill distinguishes between product lines for which Death Master File searches are appropriate and those for which such searches are unnecessary or inefficient.

The bill provides life insurers with operational uniformity and consistency among the states, which allows insurers to more efficiently perform Death Master File searches, identify matches, and act affirmatively to locate beneficiaries and assist them with the claims process.

Twenty-four other states have enacted similar legislation.