

Honolulu, Hawaii

FEB 17 2017

RE: S.B. No. 208
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred S.B. No. 208 entitled:

"A BILL FOR AN ACT RELATING TO UNCLAIMED LIFE INSURANCE
BENEFITS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Adopt the National Conference of Insurance Legislators (NCOIL) Model Unclaimed Life Insurance Benefits Act (Model Act), which requires life insurers to conduct database searches using the federal Social Security Administration Death Master File or similar database to determine whether an insured has died; and
- (2) Require life insurers to use good faith efforts to locate any beneficiaries to a policy, contract, or retained asset account.

Your Committee received testimony in support of this measure from the American Council of Life Insurers and one individual. Your Committee received comments on this measure from the Department of Budget and Finance and Department of Commerce and Consumer Affairs.

Your Committee finds that since the inception of the NCOIL Model Act in 2011, twenty-three states have enacted laws based upon the Model Act. The Model Act provides a foundation for



insurers to use the Social Security Administration Death Master File to obtain notice of death of an insured in the absence of a claim and search for beneficiaries within ninety days. Your Committee further finds that this measure establishes requirements that have become a national standard of consumer protection and enables timely compliance by all life insurers for consumers in the State.

Your Committee has amended this measure by:

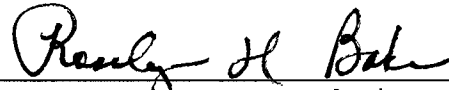
- (1) Inserting language that specifies that an insurer comparison of in-force policies, contracts, and retained asset accounts shall be first conducted electronically, if records are available electronically, followed by using the most easily accessible insurer records;
- (2) Inserting language that specifies that the Death Master File comparison requirements do not limit an insurer from requesting a valid death certificate as part of any claims validation process;
- (3) Inserting language that authorizes the Insurance Commissioner to adopt rules to implement the provisions of this measure governing insurer comparisons against the Death Master File;
- (4) Deleting language that would have required an insurer, after notifying the Director of Finance upon the expiration of the statutory time period for escheat, to immediately submit an unclaimed policy or contract benefits or unclaimed retained asset accounts to the Director of Finance;
- (5) Inserting language that authorizes the Insurance Commissioner to use discretion to limit, exempt, or phase-in compliance with the requirements of this measure under certain circumstances; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 208, as amended herein, and



recommends that it pass Second Reading in the form attached hereto as S.B. No. 208, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



