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FOR IMMEDIATE RELEASE

Guidance For Filing Responses To The Department's July 2011 Request For Special Reports Pursuant To Section 308 Of The New York Insurance Law Relating To Investigating Claims And Locating Beneficiaries With Respect To Death Benefits Under Life Insurance Policies, Annuity Contracts And Retained Asset Accounts

On July 5, 2011, the New York State Insurance Department (the "Department") issued a letter pursuant to Section 308 of the New York Insurance Law ("308 letter") advising all authorized life insurers and fraternal benefit societies ("life insurers") that a cross-check of all life insurance policies, annuity contracts, and retained asset accounts on their administration data files, including group policies for which a life insurer maintains detailed insured records, should be performed with the latest updated version of the U.S. Social Security Administration's Death Master File ("SSA Master File"), or another database or service that is at least as comprehensive as the SSA Master File, to identify any death benefit payments that may be due under life insurance policies, annuity contracts, or retained asset accounts as a result of the death of an insured or contract or account holder.

After further consideration by the Department, as of this guidance date, life insurance policies and annuity contracts that terminated prior to January 1, 1986, **and** therefore were not in-force as of January 1, 1986, may be excluded from the First Stage initial cross-check of all life insurance policies, annuity contracts and retained asset accounts on a life insurer's administration data files. A policy on non-forfeiture benefits (e.g., reduced paid-up insurance, extended term insurance) on or after January 1, 1986 should be included in the initial cross-check regardless of the date the policy originally lapsed. Should the Department later require the cross-check of any excluded policies and contracts, further guidance will be issued.

In addition to the terminated policies and contracts excluded above, the following life insurance policies, annuity contracts and retained asset accounts also may be excluded from the First Stage initial cross-check of all life insurance policies, annuity contracts and retained asset accounts on a life insurer's administration data files ***where all obligations under such policies, contracts and accounts have been fully satisfied prior to the date the cross-check is performed:***

- Policies and contracts covering a single insured where full death benefits have been paid;
- Policies and contracts covering multiple insureds where full death benefits have been paid on all covered persons or where the life insurer's obligations remaining under the policy or contract after the death of a covered person have been transferred to new policies;
- Policies and contracts on which full surrender benefits have been paid (including policies that are replaced after full surrenders);
- Policies and contracts that have been rescinded and upon which paid premiums have been returned;

- Policies and contracts returned by the applicants under free-look provisions and upon which paid premiums have been returned;
- Policies on which the life insurers have paid full maturity benefits;
- Self-administered group life insurance policies and self-administered group annuity contracts where the life insurer does not maintain detailed insured records;
- Retained asset accounts that have been closed after the entire account balance has been paid to the account holder or beneficiary; and
- Policies, contracts or accounts where benefits have been escheated in accordance with state unclaimed property statutes. Following review of a life insurer's First Stage report, where a life insurer's practices for locating beneficiaries and payees prior to escheatment are determined to be insufficient, the Department may require additional procedures for locating beneficiaries of that insurer's policies, contracts or accounts.

The 308 letter directed all life insurers to report to the Superintendent the results of the First Stage initial cross-check (as described in the 308 letter) by no later than September 30, 2011. After further consideration, the Department has extended the date to report the results of the First Stage initial cross-check from September 30, 2011 to **October 31, 2011**.

In consideration of questions received by the Department, the following clarifications are provided:

- Cross-checks should be performed utilizing the name(s) of the person(s) (i.e., insured, annuitant or beneficiary, whichever applicable) whose death(s) would obligate the insurer for the payment of benefits under the policies, contracts or accounts.
- The direct issuer of a policy or contract is responsible for performance of the cross-check except where the policy or contract has been novated. In such case, the assuming insurer is responsible for performing the cross-check of the novated policies and contracts.
- Where the insurer uses the SSA Master File, matches to records in the SSA Master File with V [“(VERIFIED) – Report verified with family member or someone acting on behalf of the family”] and P [“(PROOF) – Death certificate observed”] codes constitute a match for the purposes of the 308 letter.
- For cross-checks of policies, contracts or accounts on which matches reveal more recent deaths, insurers may stagger the required outreach to beneficiaries and still meet the time frames provided for in the First and Second Stage Requests.

The Department is still considering other issues raised by the industry, and may issue further guidance if necessary. In the interim, life insurers should proceed with the First Stage cross-check without delay.