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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, the Department issued filing guidance on August 8, 2011 that excluded specified categories of policies and contracts 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. In addition to policies, annuities and retained asset accounts previously excluded, the following 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:

- Group annuity contracts issued to fund employer-sponsored retirement plans where the life insurer is not committed by the terms of the annuity contract to pay death benefits to the beneficiaries of specific plan participants. The exemption does **not** apply to annuity benefits purchased under such group annuity contracts to the extent that benefits are payable to a beneficiary upon the death of the annuitant; and
- Active employees under:
 - individual and group annuity contracts where contributions are paid through payroll-deduction, and a payroll-deducted contribution has been made in the immediately prior 90 days;
 - individual and group life insurance policies where premiums are paid through payroll-deduction, and a payroll-deducted premium payment has been made in the immediately prior 90 days; and

- individual and group life insurance policies where premiums for the life insurance policy are paid by the employer wholly from the employers' funds or funds contributed by the employer. The exemption does **not** apply to retired employees.

To the extent the life insurer uses the SSA Master File to cease making annuity payments under group or individual annuity contracts, the life insurer is responsible for determining whether any additional payments or benefits are due to a beneficiary in those situations. Likewise, to the extent the life insurer uses the SSA Master File to cease making death benefit payments under any payout (settlement) options made available for a group life certificate or an individual life insurance policy, the life insurer is responsible for determining whether any additional payments or benefits are due to a beneficiary in those situations.

Any life insurer excluding active employees under individual and group life insurance policies or annuity contracts from the cross-check as permitted above shall include in the First Stage Report a description of the individual and/or group business being excluded, including, but not limited to: the type of market in which such business was sold, billing and premium/contribution remittance practices and the controls in place to ensure that deaths of all covered employees are timely reported to the life insurer. Following the review of the First Stage report, where a life insurer's controls over the excluded policies and annuities are determined to be insufficient, the Department may require additional cross-checks to be performed.

Guidance regarding the format for the required reports and the secure delivery method will be forthcoming.