

Beneficial Life Comments

Received by email July 5, 2016

Ms. Matthews:

Beneficial Life submits the following comments/concerns regarding the latest draft of the Proposed Unclaimed Life Insurance and Annuities Model Act:

1. Section 4 B – Applicability and Scope. As worded, an insurer may be faced with strictest laws in (a) the state of domicile; (b) state of issuance; and (c) state of last known residence. Under this rule, it's entirely possible an insurer would be subject to laws and jurisdiction of states where the insurer is not licensed and does not do business. We urge for the Act solely to be based upon state of domicile.
2. Section 5(A)(4). This section provides for "matches" even when an exact match is not made. There are several problems with this: (1) There is no guarantee this "ambiguous" match is accurate. It is simply a guess. The result will be false positives with resulting payments to the state and/or potentially to incorrect beneficiaries, leaving the insurer with double indemnity or the correct beneficiary without benefit; and (2) the rule does not provide enough guidance to when an "ambiguous" match should be honored.
3. Section 5(E) contradicts existing federal and state privacy regulations that prohibit the disclosure of non-public personal information, which could include the first and last name of an insured and the existence of an account at the insurer. Since this would be a state law, even if it allowed an insurer to violate state privacy rules, it does not absolve them from following federal privacy guidelines. In short, it would potentially require an insurer to act in accordance with state law, while violating federal privacy laws. The insurer would simply have to choose which law to violate.
4. Section 5(H)(1). We have a hard enough time obtaining SSN's for our insureds. We are even less likely to obtain a SSN for a beneficiary. First, it's more than likely the insured will not know the SSN of the beneficiary. Second, beneficiaries routinely change. Third, a great number of policies list beneficiaries by class, i.e., all of my grandchildren or children. Under this language, the insurance company would be required to obtain the SSNs for potentially dozens of grandchildren and routinely request updates to ensure no new grandchildren have been born.

Thank you for the chance to comment.

David

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