



# Updates On the Laws Affecting Your Business



## LIC Laws & Legislation Committee Conference Call

Thursday, October 21, 2:00-3:30 p.m. EDT | [Meeting Link](#)

### AGENDA & ADVANCE ATTENDEE LIST

#### I. Welcome

#### II. Q&A with Brian Casey, Locke Lord:

- A. NAIC Insurance Data Model Law and Consumer Data Privacy Laws (California and other states)
- B. Officer Signatures on Insurance policies and Annuities

#### III. Update on Litigation, Legislation, and Regulations (Attachment)

Jessica Sever, JD, ALMI, AIRC, ACS, Director, Business and Regulatory Compliance, CUNA Mutual

- 1. Unclaimed Property Legislation and Lawsuits (Map Attached)
- 2. State Life Insurance Legislation
- 3. Guaranty Association Changes
- 4. Death with Dignity
- 5. NAIC Issues / Industry Issues
- 6. State Issues
- 7. Industry Updates
- 8. Other Items

#### IV. Additional Questions

- 1. New to Insurance Industry?
- 2. How are carriers addressing NAIC Reg BI?
- 3. What are companies doing to comply with the qualified plan rollover rules?

#### V. Adjourn

#### After the Meeting:

Visit [www.loma.org/LICConnect](http://www.loma.org/LICConnect) for meeting handouts and additional Q&A/resources.

#### THANK YOU SPONSORS!



#### Advance Attendee List

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**LIC Laws and Legislation Committee**

**October 21, 2021**

(Note: An asterisk (\*) indicates a bill that is new to this report.)

1. Unclaimed Property

A. Adopted—see map

B. Death Master File Matches UCP--State Legislation

a. \*MA H 1221—Referred to Joint Committee on Financial Services; hearing scheduled on 10/20/2021. Semi-annual review of in-force policies.

b. \*MA HD 1471—Referred to Judiciary Committee 3/29/2021. Semi-annual review of in-force policies.

C. RUUPA—Pending

a. \*IL H 851—Referred to Rules Committee on 3/27/2021.

b. SC H 3849—Referred to Judiciary Committee 2/9/2021.

D. RUUPA—Recently Adopted

a. \*CO S 121—Signed by governor 4/15/2021.

b. \*DC B 24-373—Signed by mayor 8/23/2021. Part of budget bill.

c. \*IN S 188—Passed 4/29/2021.

d. \*ME H 304—Passed 4/7/2021.

e. \*ND S 2048—Passed 4/20/2021.

E. Lawsuits

2. State Life Insurance Legislation

**Passed**

A. AZ H 2044/S 1049—Passed and signed by governor 2/9/2021. If an insurer uploads a document or notice to a portal or secured website, the insurer must send a separate notice to the recipient that describes the document or notice that has been uploaded. An insured who effectuates an insurance transaction by electronic means is deemed to have consented to receive documents and notices by electronic means unless the insured opts out of electronic delivery and elects delivery by hard copy.

B. CA A 293—Passed and signed by governor 10/5/2021; effective 1/1/2023. Would require funeral establishments to report and pay all unclaimed preneed funeral trust funds, including the corpus of the trust and income accrued, to the Comptroller under UCP, if for more than 3 years after funds become payable and distributable to the funeral establishment or trustor, the beneficiary or trustor has not corresponded concerning the trust property or otherwise indicated an interest.

C. \*DE H 111—Passed and signed by governor 6/15/2021. Insurers may not deny, cancel, underwrite or add surcharge for policies solely because individual has been prescribed pre-exposure prophylaxis medication to prevent HIV infection.

D. \*ID H 79—Passed and signed by governor 3/12/2021. Enacts suitability standards for annuities.

- E. \*IL S 2112—Passed and signed by Governor 8/20/2021. For policies issued after 1/1/2022, insurers must notify applicant, at time of application, of applicant’s right to designate secondary addressee to receive notice of cancelation for nonpayment of premium. Applicant may designate secondary addressee at time of application or any time policy is in force. Does not apply if premiums are payable monthly or more frequently or are collected by licensed agent or are paid by credit card or preauthorized check or automatic debit service of financial institution. Life insurance agent may be designated as secondary addressee.
- F. \*LA H 188—Passed 6/15/2021; effective 8/15/2021. Insurer with patient’s authorization shall have right to obtain copy of all of patient’s medical records.
- G. \*NH LSR 1063—Passed 5/20/2021. Prohibits payment or assignment of all or part of producer’s commissions to an employee of producer.
- H. \*ND H 1092—Passed 3/10/2021. Would allow insurance commissioner, with consent of county state’s attorney, to impose up to \$10,000 for each fraudulent insurance act, as determined by commissioner.
- I. \*ND S 2072—Passed and signed by governor 3/29/2021. Notwithstanding anti-rebating/gifts provisions, insurance producer may conduct raffles or drawings if there is no financial cost to enter, the drawing or raffle does not obligate participant to purchase insurance, prizes are reasonable in value (as determined by insurance commissioner), the drawing or raffle is open to the public and is non-discriminatory, and is not contingent upon the purchase or renewal of a policy.
- J. \*WA H 1416—Passed 5/3/2021; effective 1/1/2022. Requirement to withhold child support payments from life insurance proceeds and report to state and federal child support enforcement agencies and Child Support Lien database.

#### **Failed**

- A. AL H 476/S 306—Died in committee. Would transfer regulation of preneed contracts from the Department of Insurance to the Alabama Board of Funeral Service.
- B. \*CT S 199—Died in committee. Would require policies to be printed in not less than 12-point font.
- C. \*CT S 510—Died in committee. Would require insurers of individual and group life insurance policies to 1) provide at least annually a written policy status to each beneficiary, owner, insured and producer of the policy and 2) send cancellation notices to each owner of the policy. Note that this was same issue as S 1050 that passed in Senate but died in House committee.
- D. \*CT S 844—Died in committee. Would prohibit insurers from offering any value-added product or service not specified in insurance policy, unless it is educational in nature, is reasonable in comparison to premiums and insurance coverage (as determined by insurance commissioner), and is non-discriminatory. May not use the terms “free” or “low cost” in any advertisement.
- E. \*DE H 229—Passed and signed by governor 7/30/2021. Authorized Delaware to join Interstate Insurance Product Regulation Compact.
- F. MO H 336—Died in committee. Would require preneed contract to include disclosure as to whether it covers all costs for funeral, including casket opening and closing costs, and what additional costs might be charged at time of funeral.

- G. \*MD S 272—Died in committee. Would require insurers to pay claims if the MIA determined that the claim was payable, or else risk suspension or termination of its certificate of authority.
- H. \*OR H 3172—Died in committee. Would allow insured or beneficiary to bring private litigation under Unfair Claims Settlement Practices Act. Court could award attorneys fees and costs to plaintiff at trial and appeal; may award attorneys fees and costs to defendant only if defendant can prove that there was no reasonable basis for bringing action; may not award attorneys fees and costs to defendant for class actions.
- I. \*RI H 5378—Died in committee but referred for further study. Requirement to withhold child support payments from insurance proceeds would be expanded to include life insurance policies if payment is greater than \$500.

#### **Pending**

- A. \*CA A 1498—Referred to Committee on Insurance on 3/11/2021; hearing scheduled for 4/29/2021 but canceled at request of author. For life insurance policies over \$100,000, would require notice of cancellation for nonpayment of premiums to be sent by certified mail to insured and persons designated by insured to receive notices. For policies issued prior to 1/1/2013, would require insurers to send notice and form to insured to designate persons to receive notice of cancellation for nonpayment of premium (N.B Law regarding third party designees that was effective 1/1/2013 was ambiguous about whether law applied to policies in force.)
- B. CA A 1563—Passed Assembly 4/22/2021 and referred to Senate Committee on 5/12/2021. Regarding life insurance policies issued with illustrations, for annual reports that do not include in-force illustrations, current law requires insurers to include a prominent notice to inform the insured that they may annually request, without charge, an illustration by various means, including calling or writing to the insurer; this bill would require the notice to include contacting the insurer at its internet website address.
- C. GA H 779—Second reading in House 3/23/2021; no action since last report. Would require insurers of life insurance policies to provide policy information within 24 hours of receipt of notification of death of insured from funeral home. Information would include existence of policy on deceased, whether policy is in good standing, identity of beneficiaries, whether policy proceeds would be sufficient to cover funeral expenses, and confirmation that insurer will accept assignment of policy proceeds from beneficiary. Assignment of proceeds may not be withdrawn after funeral services are provided. Insurer must verify funeral home's license number with Georgia Secretary of State before releasing information. Notification of death by funeral home or someone who believes they are policy beneficiary may be provided by telephone, fax, or email.
- D. GA S 112—Second reading in House on 3/5/2021; no action since last report. Would require insurers to provide annual notice of existence of life insurance policies and annuity contracts to the policy/annuity owners, in person or by first class mail with evidence of mailing. Notice must also be provided to anyone designated by policy owner. Notice required only if policy was paid in full for the entirety of the preceding year. Insurers would be required to annually review NAIC life insurance policy locator for policyholder matches and retain reports of searches until 12/31/2025; insurer must notify owner or beneficiary within 90 days of discovery of policyholder matches.

- E. IL H 295—Referred to Senate Committee on Assignments on 5/21/2021. Would allow insured or owner of life insurance policy to make irrevocable assignment of all or any part of rights of policy, not to exceed the purchase price of a preneed burial contract, or to have an individual policy issued to fund a preneed burial contract.
- F. IL S 2407—Referred to Senate Committee on Assignments on 2/26/2021; no action since last report. Would prohibit lapse of life insurance policy that has been in force for over one year for nonpayment of premium, unless insurer has mailed notice of impending lapse to policyholder and specified secondary addressee and agent of record at least 21 days prior to expiration of grace period. Requires insurers to notify applicants of right to designate secondary addressee for policies issued on or after 1/1/2022, unless premiums are paid more frequently than monthly or collected by agent, or paid by credit card or preauthorized check or debit service.
- G. MA H 1037—Referred to Joint Committee on Financial Services; hearing scheduled for 10/20/2021. Insurer must verify identity of person requesting change of beneficiary for life insurance policies, such as disinterested person (over age 18) witnessing signature of person requesting beneficiary change. Insurer must provide written notice of change of beneficiary to policyowner.
- H. \*MA H 1141—Hearing in Joint Committee on 9/15/2021. Would prohibit insurers from giving gifts or inducements greater in value of \$25.00 in the sale or delivery of a policy.
- I. \*MA S 683—Hearing in Joint Financial Services Committee on 10/20/2021. Any provision in life or health insurance policy that reserves discretionary authority to the insurer to determine eligibility for coverage or benefits or to interpret the terms of the policy is void and unenforceable. (Entitled “An Act for Greater Fairness in Insurance Policies”.)
- J. \*MA S 727—Hearing in Joint Financial Services Committee on 10/20/2021. Insurer is not barred for any time period for discovering fraud in the life or health insurance policy but must bring action for rescission within 3 years of discovering fraud by the applicant.
- K. NE L 535—Hearing in Committee of Banking, Commerce and Insurance on 2/2/2021; no action since last report. Would require insurers to provide assignees with notice of lapse for default of premium payments at least 30 days prior to lapse or termination. Insurer may charge policyowner up to \$2.50 for each notice sent. An assignee may request insurer to send notices of premium default.
- L. NJ A 2005—Introduced 1/14/2020; no action since last report. Would require insurer to provide notice of lapse due to nonpayment of premiums to owner and producer at least 10 days prior to lapse. Notice must be given by regular mail, electronic mail AND telephone. Notice is in addition to other notices re: lapse or nonpayment of premium.
- M. NJ A 3655/S 1125—Referred to Financial Institution and Insurance Committee 3/16/2020; no action since last report. Prohibits discrimination in underwriting, rates, issuance or renewal of policy based on applicant/insured’s transgender status or gender identity, despite incongruence between gender identification records (ex: birth certificate, medical records, etc.).
- N. \*NY A 3420—Referred to Insurance Committee on 1/26/2021. Would prohibit any insurer from rejecting an application or canceling policy if the applicant provides medical records or doctors’ statement at time of application, based upon the information contained within the medical records or doctors’ statements.
- O. \*NY A 4461/S 5705—Referred to Insurance Committee 2/4/2021. For limited death benefit policies issued to applicants age 60 or above, insurer must issue “Financial Review of Policy”

form in at least 10 point type at time of policy issue. Form advises insured to review policy and return it for refund within 30 days if not satisfied.

- P. \*NY A 4769—Referred to Insurance Committee 2/8/2021. Claimants under life insurance policy within incontestability period must provide reasonable assistance to insurer to determine whether misrepresentation was made by applicant or insured.
- Q. NY A 6995/S 5610—Referred to Consumer Affairs and Protection Committee on 4/19/2021; same as bill introduced in 2020; no action since last report. Premiums paid for pre-need life insurance policy are considered paid to insurer. Insured may assign policy to funeral home as long as assignee agrees to provide funeral goods and services as stated in pre-need contract. Seller/producer/funeral home may not name itself as beneficiary or owner of pre-need policy. Face amount of pre-need policy must be \$20,000 or less. Extensive disclosures required at time of application of pre-need policy, including commissions payable.
- R. \*NC S 574—Passed Senate; referred to House Rules Committee on 5/4/2021. No insurer could prohibit policy owner from changing beneficiary (other than irrevocable beneficiary) if current beneficiary was selected under fraudulent circumstances or false pretenses.
- S. \*PA H 875—Referred to Judiciary Committee 3/11/2021. Would require divorce or annulment decree to include provision to update beneficiary status of life insurance policy if beneficiary is to remain the same (ex: “spouse” to “ex-spouse”).
- T. TX H 643—Referred to Senate Committee on Business and Commerce 5/17/2021. Applies to life insurance policies with face amount up to \$15,000 issued in Texas. Funeral director may present written consent signed by beneficiary, heir or personal representative stating certain facts regarding life insurance policy believed to cover decedent, and insurer must provide policy information to policy beneficiary within 5 days after receipt of request. Insurer may not disclose information to beneficiary if decedent was not owner of policy.
- U. \*TX H 1932/S 773—Passed in House 4/30/2021, forwarded to Senate. For life policies issued to owners age 60 or over that have been in force for more than 2 years, insurer must send written notice to owner of the existence of available alternatives to lapse or surrender of policy before termination or surrender of policy, or upon request of owner or loan or withdrawal of cash surrender, or upon change to policy terms such as benefits for accelerated death, nursing home benefit, catastrophic illness or other living benefits. Notice must state that owner may consult with agent, insurance department or financial advisor about available alternatives.

### 3. Guaranty Association Changes

- a. FL H 797—Signed by governor 6/16/2021.
- b. MA H 1207—Hearing scheduled for 10/20/2021.

### 4. Death with Dignity

- a. \*AZ H 2254/S 1775/S 1781—Died in committee.
- b. \*DE H 140—Introduced 6/30/2021; assigned to Health and Human Development Committee.
- c. \*IA H 475—Referred to Human Resources Committee on 2/10/2021.
- d. \*IN H 1074—First reading 1/4/21.
- e. \*KS H 2202—Referred to Committee on Health and Human Services 2/2/21.
- f. \*MA S 1384—Hearing on 10/1/2021.

- g. \*MN S 1352—referred to Committee on Health and Human Resources Finance on 2/22/2021.
- h. \*NC H 780—Referred to Rules Committee on 5/4/2021.
- i. \*ND H 1415—Failed to pass second reading 2/16/2021.
- j. \*NM S 308—Died in committee.
- k. \*NY A 4321—Referred to Health Committee 2/1/2021.
- l. \*NY S 6140—Referred to Senate Insurance Committee 4/12/2021. Provides that health insurance does not cover assisted suicide.
- m. \*NY S 6471—Referred to Senate Health Committee 4/30/2021.
- n. \*PA H 1453—Referred to Judiciary Committee 5/21/2021.
- o. \*PA S 405-- Referred to Judiciary Committee 3/11/2021.
- p. \*RI S 775—Died in committee but recommended for further study.
- q. \*VA H 1649—Died in committee.
- r. \*VT S 74—Referred to Committee on Health and Welfare 2/9/2021.
- s. \*WA H 1141—Passed House; Senate returned to House Rules Committee on 4/25/2021.

5. NAIC Issues/Industry Issues

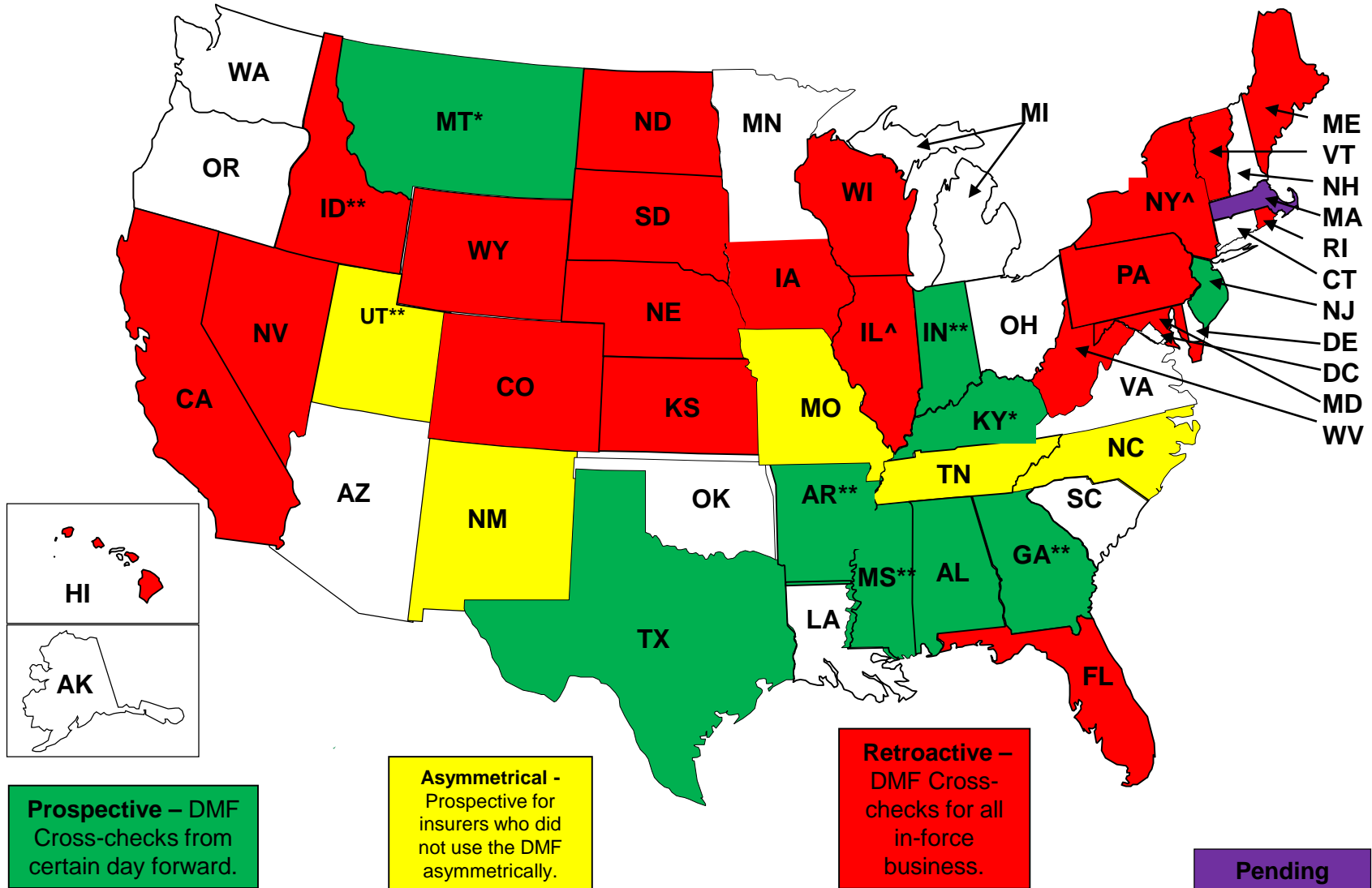
- a. Life Insurance Best Interest Standard
- b. Accelerated Underwriting
- c. NAIC Special Committee on Race and Insurance

6. State Issues

7. Industry Updates

8. Other Items

# Unclaimed Property Legislation - October 2021



\* Prospective is based on regulation or court ruling

\*\* Interest does not have to be paid if funds are being escheated to the state

^ Prenode is not exempt