

Maine Adds Date of Death Dormancy Trigger

Maine's version of the Revised Uniform Unclaimed Property Act (RUUPA) is soon to be introduced, and it presents an alarming turn for life insurers on an already rocky road of RUUPA legislation enacted and pending in the states. If Maine's RUUPA is enacted as drafted, "**date of death**" will be the dormancy trigger for life and annuity proceeds – regardless of an insurer's *knowledge* of an insured or annuitant's death.

A **date of death** dormancy trigger is highly objectionable: regardless of an insurer's knowledge of the death of its insured or when the death appears on the Death Master File (DMF), the actual date of death will begin the holding period. The holding period can end long before an insurer identifies its insured. The result? The ordinary claims process becomes a race to pay the beneficiary before the unclaimed property administrator demands escheat. If the benefit remains unclaimed, additional interest and penalties will be assessed for late reporting if the date of death exceeds the dormancy period.

Further, and equally alarming, Maine's RUUPA grants the state unclaimed property administrator plenary authority to adopt policies and procedures governing unclaimed property examinations. With this broad authority, the administrator can conduct DMF comparisons of an insurer's policyholder database based on its own definitions and methodology, at any time and with unlimited frequency. And with a **date of death** dormancy trigger, state administrators will be incentivized more than ever to notice life insurers for examination.

Not a Victory That 211(b)(4) Omitted

In a previous client alert, we highlighted the real dangers to the life industry if Model RUUPA Section 211(b)(4) authority is provided to state unclaimed property administrators. It is no victory, here, that the Maine RUUPA excludes Section 211(b)(4), as that provision provides a means of determining an insurer's knowledge of an insured's death. No such "knowledge" provisions are necessary, with the even more harmful **date of death** dormancy trigger Maine proposes instead.

Maine's RUUPA has been open to comment by representative trade associations for most of 2018. Maine is merely the latest in a spate of RUUPA-influenced legislation with damaging provisions that target life insurers. Similar RUUPA-influenced bills with provisions harmful to the life insurance industry are pending in Colorado and the District of Columbia. Life insurers should work together and with their trade associations to vigorously oppose the provisions in each of these state proposals, and any similarly harmful provisions in RUUPA legislation still to come. Thus far, only the District of Columbia has received strong industry opposition comments on its proposal.

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