FEDERATION
of Iowa Insurers

700 Walnut Street, Suite 1600
Des Moines, Iowa 50309

February 24, 2016

Via E-Mail

David S. Walker, Commissioner
Uniform Law Commission
111 N. Wabash Avenue, Suite 1010
Chicago, IL 60602

Re: Drafting Committee – Revise the Uniform Unclaimed Property Act

Dear Commissioner Walker,

The Federation of Iowa Insurers is an association representing the interests of 26 insurance companies in the state of Iowa. We understand the Uniform Law Committee is meeting February 26th – 28th to discuss the latest draft of the Revised Uniform Unclaimed Property Act. This work of the Uniform Law Commission is very important to Iowa insurers whom have been following it closely.

We are writing to you today on behalf of the life insurance companies we represent. These life insurers have concerns regarding the latest draft of the Revised Uniform Unclaimed Property Act, specifically Section 209, subsection 2(D)(i) and (ii).

> "...(D) A comparison between a death master file and the names of an insurance company's insureds or annuitants may be conducted by the [administrator] or its agent for policies or ***contracts in-force*** (emphasis added) or terminated, within the period for which a report is required by Section 8, only when:
>
> (i) an insurance company fails to produce evidence that it has conducted any comparisons required by the law of this state, or regulations or standards adopted by the state insurance commissioner, in the manner, frequency and time period prescribed; or
>
> (ii) an insurance company conducts a comparison, but an analysis of a reasonable sample of the insurance company's insureds or annuitants indicates that the insurance company failed to find a significant percentage of the matches that should have been found using the standards set forth in paragraph (2)(A). What constitute a significant percentage of claims shall be determined based on standards promulgated jointly by the [administrator] and the [state insurance commissioner] taking into consideration recommendations of national

> associations of unclaimed property administrators and insurance commissioners in a manner that will promote uniformity of practice among the states..."

By allowing the comparison of an insurers in-force policies this section would give the state treasurers and their auditors the ability to accelerate or re-write the definition of what could be deemed to be "presumed abandoned" unclaimed funds. The insurers we represent do not feel this is prudent, and particularly not so when consideration is given to the inherent constitutional challenges.

Pursuant to Section 201, subsection 8, records with respect to a life company which would lead to the discovery of property presumed abandoned but which the holder has failed to report would consist of records reflecting matured policies – policies for which due proof of death has been received by an insurer but the proceeds of which have remained unclaimed, or policies not matured by receipt of due proof of death but for which the insured has reached the limiting age under the applicable mortality table. Records subject to examination for purposes of the Uniform Unclaimed Property Act would NOT include all in-force policy data as these records would not be relevant to the scope of what constitutes property which is "presumed abandoned". The state treasurers do not have unfettered authority to reach into the records of current, in-force life insurance policyholders for the sole purpose of attempting to re-write the "presumed abandoned" definition.

It is our request that the words "in-force" be removed from Section 209, subsection 2(D).

We would also like to take this time to comment on NAUPA's response to the Uniform Law Committee of February 12, 2016. NAUPA states that:

> "When performing audits of numerous insurance companies' records, when one of the states' audit vendors identified a deceased policyholder based on a DMF match that had been deceased for a length of time that exceeded the dormancy period, in up to 20% of the underlying records the States located evidence of prior knowledge of the insured's death in the company's records. Therein lies the problem, and that is precisely the issue that brought companies to the table to agree to improve their methodologies and focus on returning policy proceeds to beneficiaries of their deceased policy holders."

This is not an accurate statement. The 22 insurance companies that entered into the Global Settlement Agreements entered into those Agreements in order to avoid long-term litigation and administrative proceedings, and resolve differences of opinions about the interpretation of unclaimed property laws. They expressly denied any wrongdoing or violations of law. NAUPA's conclusions are unsupportable,

It is also interesting to note that NAUPA states there is still approximately $2.5 billion dollars in unclaimed benefits in life insurance proceeds considering the following:

- The 22 companies that participated in the Global Resolution Agreements represent 70% of the premium in the United States.

- These 22 companies have remitted over $2.6 billion in unclaimed life insurance proceeds, as stated by NAUPA.

- The remaining 850 insurance companies only represent about 30% of the premium in the United States.

It is not only disingenuous but also clearly erroneous to conclude that the remaining 850 companies, who only represent about 30% of the premiums written nationally, would have approximately the same amount of unclaimed life insurance proceeds as those companies that have 70% of the premium?

We would like to thank you for the opportunity to express the concerns of the member companies the Federation represents.

Sincerely,

Paula S. Dierenfeld
Executive Director

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