

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5640-03  
Bill No.: HCS for HB 2150  
Subject: Insurance - Life; State Treasurer  
Type: Original  
Date: March 14, 2016

Bill Summary: This proposal requires life insurance companies to compare policies, annuities, and accounts against a death master file for potential matches and to either pay beneficiaries or remit unclaimed benefits to the Office of the State Treasurer.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2023)
General Revenue				\$0 or (Unknown)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2017	FY 2018	FY 2019	Fully Implemented (FY 2023)
Schools Fund				\$0 or (Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0 or (Unknown)</b>

Numbers within parentheses: ( ) indicate costs or losses. This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Fully Implemented (FY 2023)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Fully Implemented (FY 2023)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>Fully Implemented (FY 2023)</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the State Treasurer** assume this proposal will increase the amount of settlements of unclaimed property, in turn reducing the transfer from the Abandoned Property Fund to the General Revenue Fund and the Schools Fund.

**Oversight** assumes this proposal only affects insurance policies, annuities and accounts that are issued after January 1, 2018. The insurance companies will attempt to find a claimant for seven or five years, according to RSMo 447.510. Oversight also assumes for fiscal note purposes that any potential fiscal impact to the state will not occur until FY 2023.

Officials from the **Joint Committee on Administrative Rules** state that the proposal is not anticipated to cause a fiscal impact to their agency beyond its current appropriation.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

In response to a previous version of this proposal, officials from the **Office of the Secretary of State (SOS)** stated many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to a previous version of this proposal, officials from the **Department of Insurance, Financial Institutions and Professional Registration** assumed the proposal would not fiscally impact their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2023)
<b>GENERAL REVENUE FUND</b>				
<u>Loss - Potential reduction in transfer from Abandoned Property Fund</u>	\$0	\$0	\$0	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>
<b>SCHOOLS FUND</b>				
<u>Loss - Potential reduction in transfer from Abandoned Property Fund</u>	\$0	\$0	\$0	\$0 or (Unknown)
<b>ESTIMATED NET EFFECT ON SCHOOLS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0 or (Unknown)</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019	Fully Implemented (FY 2023)
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

### FISCAL DESCRIPTION

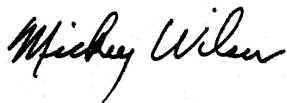
This proposal creates the Unclaimed Life Insurance Benefits Act. The bill requires life insurance companies to compare policies, annuities, and accounts against the United States Social Security Administration's death master file on at least a semiannual basis to find potential matches on insureds who have passed away. The life insurance company shall then make a good faith effort to find potential beneficiaries and provide them with appropriate claims forms for the purpose of paying any benefits due. In the event such beneficiaries or owners cannot be found the company shall remit the unclaimed benefits to the State Treasurer as unclaimed property under Section 447.510, RSMo.

These provisions will apply to companies that used the death master file prior to January 1, 2018 to find annuitants that were deceased retrospectively. All other companies the provision will apply to new accounts issued or entered into on or after January 1, 2018.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

### SOURCES OF INFORMATION

Office of the State Treasurer  
Department of Insurance, Financial Institutions and Professional Registration  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Attorney General's Office



Mickey Wilson, CPA  
Director  
March 14, 2016

Ross Strobe  
Assistant Director  
March 14, 2016