



COMMONWEALTH OF MASSACHUSETTS
Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

One South Station • Boston, MA 02110-2208
(617) 521-7794 • FAX (617) 521-7475
TTY/TDD (617) 521-7490
<http://www.state.ma.us/doi>

JANE SWIFT
GOVERNOR

JENNIFER DAVIS CAREY
DIRECTOR, CONSUMER AFFAIRS
AND BUSINESS REGULATION

LINDA RUTHARDT
COMMISSIONER OF INSURANCE

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To All Foreign and Domestic Life Insurers,

We have received several inquiries indicating some confusion as to the obligations imposed by Bulletin 01-07, "Life Insurers' Obligations Regarding Investigation and Settlement of Claims and Other Search Obligations," the Massachusetts Division of Insurance (hereinafter "Division") is providing this letter to all licensed life insurers in Massachusetts for the purpose of clarifying Bulletin 01-07. This letter is not intended to replace Bulletin 01-07, but rather should be read in conjunction with the Bulletin.

Bulletin 01-07 provides, "Upon receipt of a single claim and proof of the insured's death, an insurer is obligated to search with due diligence its records and databases, as well as the records and databases of any subsidiary and affiliated companies, for additional policies insuring the same individual." For purposes of Bulletin 01-07 and this letter, the term "subsidiary and affiliated companies" shall pertain only to those subsidiary and affiliated companies which are licensed to do life insurance business in Massachusetts. With respect to the obligation to search the records of subsidiary and affiliated companies, such requirement shall apply only to original claims made on policies with a face value of fifteen thousand dollars (\$15,000.00) or less. However, where an insurer is unable to perform a direct search of its subsidiary and affiliated companies, an insurer satisfies the due diligence requirements when the insurer notifies all of a company's subsidiary and affiliated life insurance companies, informing the appropriate person(s) in the subsidiary or affiliated companies that a claim has been received on an identified insured and asking the subsidiary and affiliated companies to search for any and all additional policies insuring the same individual. Additionally, the insurer must provide a notice to the claimant not only listing the names of the subsidiary and affiliated companies, but also stating that the claim has been forwarded to those companies for the purpose of initiating a search for additional policies.

The above guidelines apply only to the search of subsidiary and affiliated companies for additional policies. Upon receipt of a claim, all insurers are obligated to search their own records and databases for the existence of additional policies insuring the same individual. An insurer must, upon receipt of a claim, supply the claimant with a list of all the insurer's subsidiary and affiliated companies and advise that the claimant take appropriate action with respect to any

possible additional policies with those companies, if it cannot or does not want to be responsible for performing a complete and accurate search.

Additionally, where a company writes group life insurance and where the master policyholder, rather than the insurer, is the administrator of the policy and maintains information on the insureds, the insurer is not obligated under Bulletin 01-07 to conduct searches for additional group policies. In such a situation, an insurer is not obligated to search group policies when a claim is submitted under an individual policy. However, where an insurer writes both group and individual life insurance, the insurer is obligated, upon receipt of a death claim submitted either by the master policyholder or by an individual, to conduct a search for additional individual policies pursuant to Bulletin 01-07 and the guidelines provided herein.

Lastly, the Division wishes to clarify that an insurer shall not substitute its judgment for the judgment of the policyholder in the designation of a beneficiary. Bulletin 01-07 does not contemplate that any insurer do so. Rather, Bulletin 01-07 merely provides that an insurer shall notify a policyholder of possible multiple policies with the company and request that the policyholder contact the appropriate person if similar changes are desired on those policies as well. A similar procedure is required for other types of administrative changes as well (*e.g.* address changes). Bulletin 01-07 does not intend that any changes be made to other policies without a specific request from the policyholder in conformity with the terms of the contract.

The Commissioner encourages any life insurer to implement search procedures which exceed the minimum standards provided by Bulletin 01-07 and this letter. All questions should be directed to the Office of the General Counsel at 617-521-7309.

Sincerely,

Linda Ruthardt
Commissioner of Insurance