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

BULLETIN No. 01-07

TO: All Foreign and Domestic Life Insurers

FROM: Linda Ruthardt, Commissioner of Insurance

DATE: June 21, 2001

RE: Life Insurers' Obligations Regarding Investigation and Settlement of Claims and Other Search Obligations.

This Bulletin is intended to advise all life insurers, domestic and foreign, licensed to do business in the Commonwealth of Massachusetts of their statutory obligations upon the submission of a claim. As you know, it is an unfair claim settlement practice to fail to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies; to fail to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies; and to fail to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear. Mass. Gen. Laws ch. 176D, §3(9)(b), (c), (f) (1998).

Where an insured may have more than one policy with a company, its subsidiaries or affiliates, a claim is deemed to have been communicated and to have become reasonably clear to the insurer when proof of death of the insured is submitted to the company with respect to any one of multiple policies issued by a company, its subsidiary and affiliated companies.

The Commissioner of Insurance will consider a life insurer to have adopted reasonable standards with respect to the investigation of a claim where an insurer has procedures in place for the identification of all policies issued by the company, its subsidiaries and affiliates, on the life of an insured. 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. Such search shall constitute a required element of a reasonable and prompt investigation of all claims on the life of the decedent.

An insurer will be considered to have acknowledged such claim when the insurer notifies the appropriate person in accordance with the terms of the contract and all relevant provisions of law.

Furthermore, pursuant to the respective governing statutes and regulations, the Commissioner advises that similar searches be developed and employed with respect to other transactions requested by the policyholder. Examples of such transactions may include, but are not limited to, a request for a waiver of premium, a change to the beneficiary designation, a change of address notification, a request for accelerated benefits, and viatical settlement transactions. Upon receiving a policyholder's communication regarding such a matter, a company is obligated to notify the policyholder of any other relevant policies or contracts issued by the company, and its subsidiary and affiliate companies, and to ask for policyholder confirmation that the requested transaction be applied to all other policies or contracts held by the policyholder and issued by the company, and its subsidiary and affiliate companies. In the absence of further policyholder response, the insurer's obligations are satisfied by such notification.

All questions regarding this Bulletin should be directed to Susan Gormly Anderson in the Office of the General Counsel at 617-521-7309.