



Washington State

UNCLAIMED PROPERTY

Insurance Industry

A guide for tracking and reporting unclaimed property specific to the insurance industry.

For other types of unclaimed property that apply to your business, please refer to our Unpresented Checks Guide and our Stocks, Bonds and Employee Benefits Guide.

Property and Casualty Insurance Drafts

Drafts covered by the Unclaimed Property Law

According to the Uniform Unclaimed Property Act, drafts that are not offers to settle are considered abandoned after three years and need to be reported.

Drafts for goods and services are generally not offers to settle.

Examples include:

- Drafts issued for furniture and supplies
- Drafts issued for copy machine repairs
- Drafts sent to an ambulance service for a third party

First party drafts (drafts representing policy obligations to the insured) are included in unclaimed property reporting. First party drafts which are not offers to settle include:

- Insured's car repair bill
- Medical expenses

Drafts not covered by the Unclaimed Property Law

The Uniform Unclaimed Property Act does not apply to a draft issued as an offer to settle a claim. Drafts written to third parties to settle damages or that limit future claims are considered offers to settle and are not covered under the act. Examples include:

- Payments for pain and suffering
- Third party personal injury claim payments

Auditor's Tips

Tip One: Don't assume that all drafts are offers to settle. To simplify the reporting process, develop a method to track unpresented drafts that are offers to settle or were settled by subsequent drafts or other means. These drafts are easier to track because there are fewer and the amounts are often large. Remove those from your unpresented drafts to determine your reporting responsibilities.

Tip Two: To prevent the need for estimating your claims draft liability in an audit, keep claims files while an offer to settle remains open. Retain files on drafts offered in settlement for six years after the claim file is destroyed. While estimates are permitted under RCW 63.29.300(5), it is preferable to have names and addresses to return money to citizens.

Life Insurance Proceeds

Items subject to the unclaimed property statute include:

- Death benefits
- Funds payable to policyholders reaching the limiting age
- Matured endowments
- Annuities
- Other maturities due or payable

Most life insurance proceeds are considered abandoned three years after becoming payable. **Exception:** Two years after the insured reaches the limiting age on the policy's mortality table, the proceeds are considered abandoned.

Required administrative duties:

1. If you are required to give notice to the insured that a non-forfeiture provision is being exercised, and the notice cannot be delivered to the last known address, you must make a reasonable search to determine the correct address.
2. If you learn of the death of the insured or annuitant, and the beneficiary has not communicated to you within four months of the death, you must take reasonable steps to pay the proceeds to the beneficiary.
3. You must request the name, address and relationship to insured, of each beneficiary on each change of beneficiary form issued by the insurance company for a Washington insured.

Policyholders Dividends

Report payable dividends under participating policies after three years. Policy dividend options can not be changed without the policyholder's authorization.

Auditor's Tip

You must have a contractual right to change the dividend application option. Written notice must be mailed to the policyholder. Auditors usually review policies with a dividend reinvest option that was changed from a cash dividend option.

Agent's Credit Balances/Commissions

Agent commissions are abandoned after three years unless the agent is an employee of the company. Employee commissions are abandoned after one year. (RCW 63.29.020).

Auditor's Tip

Renewal commissions are prone to the following reporting errors:

- Ceasing or reducing renewal commission in violation of the agreement with the agent.
- Imposing the current contract procedures on agents covered under older agreements.
- Writing off to income or expense old lump-sum liabilities where the agent detail is lost.

IRAs Plans

Traditional IRA

The mandatory payout age for traditional individual retirement accounts (IRAs) is 70 ½. If you are unable to contact the owner, the unclaimed IRA is abandoned three years after the mandatory payout date.

Roth IRAs

Unless the owner of the Roth IRA is deceased, they are usually not reportable. If the owner of a Roth IRA is deceased and the beneficiary's whereabouts are unknown, commence the abandonment period from the date of the owner's death.

Unclaimed Property Contact Information

Phone: (360) 534-1502

Toll Free: 1-800-435-2429
(Washington State only)

Fax: (360) 534-1498

Email: ucp@dor.wa.gov

Mail: State of Washington
Department of Revenue
Unclaimed Property Section
PO Box 34053
Seattle, WA 98124-1053

Because this is a summary, it does not contain all the information that may be important to you. For more information, please refer to Chapter 63.29 of the Revised Code of Washington.

Permission is granted to other state governments to use and modify this material to their particular needs and laws. This publication, or any part thereof, may not be reproduced or transmitted in any form or by any means for a fee or for the purposes of profit-making activities.