OFFICE OF LEGISLATIVE RESEARCH
PUBLIC ACT SUMMARY

PA 26-94—sSB 488
Government Administration and Elections Committee

AN ACT IMPLEMENTING THE TREASURER'S RECOMMENDATIONS FOR REVISIONS TO THE UNCLAIMED PROPERTY PROGRAM AND SECOND INJURY FUND

SUMMARY: This act makes several unrelated changes to the state's unclaimed property laws, including:

1. establishing various ways in which someone, including their agent or representative, may show their interest in their property so it is not presumed abandoned;
2. specifying when certain insurance policy provisions may trigger an abandonment presumption;
3. creating procedures for property holders to give unclaimed property to the treasurer early;
4. exempting certain unclaimed property owner personal information the treasurer has from the Freedom of Information Act (FOIA);
5. removing a requirement to automatically distribute certain unclaimed property valued at less than $50;
6. specifying additional procedures for returning unclaimed military medals; and
7. subjecting funds remaining from property sales due to uncompensated work by certain craftspeople (for example, jewelers) to the state's unclaimed property laws.

The act also amends provisions regarding the Second Injury Fund (SIF), including giving the treasurer flexibility for the accounts he must maintain and limiting SIF's liability for reimbursing employers and insurers in certain circumstances (§§ 8 & 9).

Lastly, the act makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

§§ 1-7 — UNCLAIMED PROPERTY

Apparent Owners and Indicators of Interest (§ 1)

The state's unclaimed property laws generally require holders of an apparent owner's unclaimed property to turn it over to the treasurer if the owner has not indicated an interest in the property in a specified amount of time.

The act defines "indicated an interest" to explicitly describe certain actions, in addition to any other means outlined in the unclaimed property laws, that show the apparent owner is aware of the property. Under the act, these actions specifically include:

1. the owner communicating a record about the property or the account where it is held to the holder or holder's agent;
2. the owner orally communicating with the holder or the holder's agent about the property or the related account, with the holder or agent making and saving a contemporaneous record of the communication;
3. the owner presenting a check or other instrument paying a dividend, interest payment, or other distribution;
4. activity directed by the owner in the account where the property is held (for example, accessing the account or directing a change to the amount or type of property held there);
5. activity directed by an owner for another account at a business association or banking or financial organization that is the holder of the account (or holder's agent) where the property is held (see below); and
6. any other action by the owner that reasonably shows the holder that the owner knows the property exists.

Under the act, directed activities towards another account at a business association or banking or financial organization at least includes (1) deposits and withdrawals, except for previously authorized automated deposits or withdrawals or automated reinvestments of dividends or interest; (2) presenting a passbook or other similar evidence of a deposit for crediting interest; or (3) principal or interest payments on a loan made by the association or organization.

Under the act, any communication from the owner to someone other than the holder or holder's representative does not indicate the owner's interest in the property unless a record proves that the owner knew of his or her right to the property.

Additionally, the act specifies that an owner also indicates an interest in property if his or her agent or other representative takes the actions described above or other actions allowed under the unclaimed property laws. However, the property holder cannot act as the owner's agent for these purposes.

Insurance Policies (§ 2)

By law, unclaimed funds held by an insurance company for more than three years are presumed abandoned if a person other than the insured or annuitant is owed the money, and the company does not have that person's address. The three-year timeline generally starts when the money became due and payable under any matured or terminated life or endowment insurance policy or annuity contract.

The act specifies that an automatic premium loan provision or other non-forfeiture provision in an insurance policy does not prevent the policy from being deemed matured or terminated if the (1) insured died or (2) insured or a beneficiary become entitled to the proceeds before the depletion of the policy's cash surrender value.

Early Unclaimed Property Reporting (§ 4)

By law, before property is presumed abandoned, its holder must notify the property owner that the owner must indicate an interest in the property, or it will be transferred to the treasurer and subject to escheat to the state. Existing law also generally requires property holders, by the March 31 after the end of the calendar year in which property is presumed abandoned, to deliver it to the treasurer and prepare an unclaimed property report that includes, among other things, the name and physical address of the property's apparent owner.

The act allows the holders to ask to report and deliver unclaimed property to the treasurer early. They may do so if they believe the property will likely be unclaimed, regardless of how much time passes or any notice they give. The holder must also give the treasurer an affidavit from an authorized officer (1) describing the efforts to notify the owner, (2) affirming notice was provided at least six months before the affidavit's date, and (3) affirming the holder has not received communication from the owner indicating an interest in the property.

The treasurer, in his discretion, may consent to the request, but it must be in writing.

FOIA Exemption for Personal Information of Unclaimed Property Owners (§ 5)

By law, the treasurer must maintain a searchable public database of unclaimed property (the "CT Biglist"). Its information must include the names and addresses of apparent unclaimed property owners; the amount, description, and holder of the property involved; and any other information he requires.

The act makes the owners' personal information in the treasurer's records exempt from disclosure under FOIA, including information from property holders' reports and records that are not published on the CT Biglist. But it specifies that this does not prohibit disclosure by the treasurer or his agents for purposes directly connected to administering the laws on the treasurer's powers and duties, including disclosure to other government officials while using appropriate confidentiality protections.

Under the act, "personal information" is information that identifies or reasonably can be used to identify someone, including their name together with their (1) Social Security number, (2) other government ID number, (3) date of birth or death, (4) home or physical address, (5) other contact information, (6) internet provider address, (7) account number, or (8) abandoned property value.

Automatic Returns to Property Owners (§ 6)

Under prior law, the treasurer had to automatically pay abandoned property claims valued at less than $2,500 to individuals if he (1) determined the individual is the property's sole owner and (2) was satisfied he had their current address. The act removes this requirement for property valued at less than $50.

Military Medals (§ 6)

By law, military medals held by banking or financial organizations that are presumed abandoned must be given to the state Department of Veteran Affairs commissioner. The treasurer and commissioner must have a memorandum of understanding for handling and holding these medals, and the treasurer may try to identify the original owner or the owner's heirs or beneficiaries.

Under the act, if more than one person has a claim for a medal, and the treasurer made a reasonable effort to identify and contact all known potential rightful owners, the treasurer may give it to the claimant he deems appropriate.

Jewelers, Watchmakers, Silversmiths, and Television and Radio Service Dealers (§ 7)

By law, a jeweler, watchmaker, silversmith, or television or radio service dealer (craftsperson) who works on personal property at the owner's or legal possessor's request has a lien on the property and may hold it until paid for the work.

Under certain circumstances, prior law allowed them to sell the property to repay any debt owed and sale costs, and then give the remaining balance to the treasurer in trust for the debtor. Instead, the act specifically subjects these balances to the state's unclaimed property laws and requires the craftsperson, after completing the sale, to file an unclaimed property report when they give the funds to the treasurer.

Under prior law and the act, if a debt to a craftsperson remains unpaid for more than six months, the craftsperson may sell the item, pay any sale expenses and the owed debt, and give the remaining balance to the treasurer within 10 days. But if the item is worth more than $100, it can only be sold if the debt equals at least one-third of its value.

Before the sale, the craftsperson must give the owner or legal possessor 30 days' notice (1) by sending notice about the sale's time and place to the person's last-known address by registered or certified mail or (2) if his or her address is unknown or the mail is returned, by advertising the sale in a newspaper with substantial circulation where it will occur. Under the act, these procedures satisfy the unclaimed property program's notice requirements under state law.

§§ 8 & 9 — SECOND INJURY FUND

SIF is a state-run workers' compensation fund financed by state employers and operated by the state treasurer. Among other things, it pays or contributes to workers' compensation benefits for workers with pre-existing disabilities who are reinjured (second injuries), whose employers are uninsured, or who worked more than one job when injured. The fund was closed to second injuries that occurred on or after July 1, 1995.

SIF Accounts (§ 9)

Under prior law, the treasurer had to operate three accounts within SIF including (1) an operating account for paying SIF operations; (2) a settlement account for covering disbursed claims; and (3) a finance account to, among other things, pay certain claims, issue cash advances, and cover certain administrative costs. The act conforms the law to existing practice by instead generally authorizing the treasurer to operate whatever accounts or short-term investment funds he deems necessary for SIF's operation.

SIF Liability (§ 8)

The law allows employers and insurers to transfer liability for certain workers' compensation claims to SIF and get reimbursed for certain benefits they already paid. For example, if an employee works multiple jobs and is injured, a self-insured company where the employee was injured may pay out benefits to cover lost wages for all the employee's jobs, not just lost wages from the company itself.

By law, employers' insurers or self-insured employers may apply for reimbursement of the portion of benefits paid out to cover lost wages from these other jobs. The law specifies that SIF may only reimburse an insurer or employer within two years from when they paid the benefits to the employee.

Under prior practice, SIF had to reimburse a benefit payment that included benefits owed from before the two-year deadline, such as if an insurer underpaid benefits to an employee for 10 years and made a one-time lump sum payment to make the employee whole. The act limits the amount insurers or employers may be reimbursed to a three-year period (making the insurer or employer, instead of SIF, liable for 7 of the 10 years of underpaid benefits in the example above).