
OLR Bill Analysis

SB 488

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

SUMMARY

This bill amends provisions regarding the Second Injury Fund (SIF), including providing flexibility for the accounts the treasurer must maintain and limiting SIF's liability for reimbursing employers and insurers in certain circumstances (§§ 8 & 9). It also 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 (§ 1);
2. specifying when certain insurance policy provisions may trigger an abandonment presumption (§ 2);
3. creating procedures for property holders to give unclaimed property to the treasurer early (§ 4);
4. exempting certain unclaimed property owner personal information the treasurer has from the Freedom of Information Act (FOIA) (§ 5);
5. removing a requirement to automatically distribute certain unclaimed property valued at less than \$10 (§ 6);
6. specifying additional procedures for returning unclaimed military medals (§ 6); and
7. subjecting certain funds held by certain craftspeople (for example, jewelers) to the state's unclaimed property laws (§ 7).

The bill also makes technical and conforming changes.

EFFECTIVE DATE: July 1, 2026

§ 1 — APPARENT OWNERS AND INDICATORS OF INTEREST

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

The bill defines "indicated an interest" to explicitly outline certain actions, in addition to any other means outlined in the state's unclaimed property laws, that show the apparent owner is aware of the property. Specifically, the bill includes:

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, and the holder or it's agent making and saving a contemporaneous record of the communication;
3. presenting a check or other instrument paying a divided, 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. depositing or withdrawing funds, if the holder is a business association or banking or financial organization, excluding previously authorized automated deposits, withdrawals, or reinvestments of dividends or interest; and
6. any other action by the owner reasonably demonstrating to the holder that the owner knows the property exists.

Under the bill, 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 bill 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 existing unclaimed property laws. Under the bill, the property holder cannot act as the owner's agent for these purposes.

§ 2 — INSURANCE POLICIES

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 bill 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 (1) the insured died or (2) the insured or a beneficiary have become entitled to the proceeds before the depletion of the policy's cash surrender value.

§ 4 — EARLY UNCLAIMED PROPERTY REPORTING

By law, before property is presumed abandoned, the holder of the property must notify the property owner that the owner must indicate his or her interest in the property or it will be transferred to the treasurer and subject to escheat to the state. Existing law also 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 bill allows property holders to request to report and deliver unclaimed property to the treasurer early. The holder may do so if they believe the property will likely become unclaimed property, regardless

of the passage of time or any notice the holder providers. 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 creation, and (3) affirming the owner has not received communication from the owner indicating an interest in the property.

The treasurer, in his discretion, may consent in writing to the request.

§ 5 — FOIA EXEMPTION FOR PERSONAL INFORMATION OF UNCLAIMED PROPERTY OWNERS

Except as otherwise provided under the unclaimed property law, the bill makes certain personal information of owners contained in the treasurer's records confidential and exempt from disclosure under FOIA, including information provided in property holders' records and reports. The bill limits the disclosure of this information to purposes directly connected to the administration of the laws on the treasurer's powers and duties, by the treasurer or his agents .

Under the bill, "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.

By law, the treasurer must maintain a public database of unclaimed property information including the names and addresses of unclaimed property owners, the amount and description of unclaimed property he holds, and any other information he requires.

§ 6 — AUTOMATIC RETURNS TO PROPERTY OWNERS

Under current law, the treasurer must automatically pay abandoned property claims valued at less than \$2,500 to individuals if he (1) has determined the individual is the property's sole owner and (2) is satisfied he has this person's current address. The bill removes this requirement for property less than \$10.

§ 6 — MILITARY MEDALS

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 as outlined in the treasurer's procedures. The treasurer and commissioner must establish 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.

If more than one person has a claim for a medal described above, and the treasurer has made reasonable efforts to identify and contact all known potential rightful owners, the bill allows the treasurer to give the medal to the claimant he deems appropriate.

§ 7 — JEWELERS, WATCHMAKERS, SILVERSMITHS, AND TELEVISION AND RADIO SERVICE DEALERS

By law, a jeweler, watchmaker, silversmith, or television or radio service dealer (craftsperson) who does work on personal property at the owner's or legal possessor's request has a lien on the property and may hold it until they are paid for the work. Under certain circumstances, current law allows them to sell the property to repay any debt owed and sale costs, and then give, in trust for the debtor, the remaining balance to the treasurer.

Instead, the bill 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 current law and the bill, 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. If the item is worth more than \$100, the craftsperson may only sell it if the debt equals at least one-third of the property's value.

Before the sale, the craftsperson must provide 30 days' notice to the

owner or legal possessor (1) by sending notice about the sale's time and place by registered or certified mail to the person's last-known address 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 the sale is taking place. Under the bill, these procedures satisfy the unclaimed property program's notice requirements under state law.

§§ 8 & 9 — SECOND INJURY FUND

SIF Accounts (§ 9)

The Second Injury Fund (SIF) is a state-run workers' compensation fund financed by state employers and operated by the state treasurer. Among other things, the fund 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.

Under current law, the treasurer must operate three accounts within the 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, provide cash advances, and cover certain administrative costs. Instead, the bill conforms the law to existing practice by 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 request reimbursement for certain benefits they already paid out. 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 to SIF 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 current practice, SIF may be required to reimburse a benefit payment that includes benefits owed from before the two year deadline. For example, if an insurer underpaid benefits to an employee for 10 years and makes a one-time lump sum payment to make the employee whole. The bill limits the amount insurers or employers may be reimbursed from SIF to a three-year period (making the insurer or employer, instead of SIF, liable for seven of the 10 years of underpaid benefits in the example above).

BACKGROUND

Related Bills

sSB 215, favorably reported by the Banking Committee, changes the criteria under which inactive checking and savings accounts held by banks doing business in Connecticut are presumed abandoned.

SB 460, reported favorably by the Government Administration and Elections Committee, requires the treasurer to study whether gift certificates should be considered abandoned property.

COMMITTEE ACTION

Government Administration and Elections Committee

Joint Favorable Substitute

Yea 18 Nay 0 (03/20/2026)