



## STEVE WESTLY California State Controller

### Notice to Holders of Unclaimed Property - December 2003

#### New Law Changes –Effective January 1, 2004

This notice is to assist holders in complying with new provisions of the Unclaimed Property Law that take effect on January 1, 2004. The changes are summarized below and links to the actual provisions of the law are included for your convenience.

#### **AB 378 (Chapter 304, Statutes of 2003)**

- Establishes specific escheat periods for unclaimed proceeds payable or distributable in the course of the demutualization of an insurance corporation. ([Code of Civil Procedure \(CCP\) Section 1515.5 \(a\),\(b\) and \(c\)](#))
  - If distribution is not sent because the holder does not have a good address, then it is considered abandoned immediately.
  - If distribution is sent but returned by the post office as undeliverable, then it is considered abandoned after two years from the date of demutualization or reorganization.
  - If distribution is sent and not returned by the post office, then it is considered abandoned after three years from the date of demutualization or reorganization.
  - The initial report for property shall be filed on or before May 1, 2004, with respect to conditions in effect on December 31, 2003. All property shall be determined to be reportable under Section 1515.5 as if that section were in effect on the date of the insurance company demutualization or reorganization.
- Shortens the time period for escheatment of sums payable directly by a bank or financial institution on a certified check or similar written instrument from 5 years to 3 years. ([CCP Section 1513 \(d\)](#))
- Shortens the time period for escheatment of wages or salaries from 3 years to 1 year. ([CCP Section 1513 \(g\)](#))
- Allows for waiver of 12% interest charged for late delivery of unclaimed property if such failure is due to reasonable cause. ([CCP Section 1577](#))

#### **AB 1092 (Chapter 116, Statutes of 2003)**

- Modifies the definition of a gift certificate to include a gift card. ([Section 1749.45 of Part 4 of Division 3 of the Civil Code](#))
- Prohibits the sale of any gift certificate or gift card that contains a service fee (existing law prohibits the sale of any gift certificate that contains an expiration date). ([Section 1749.5 of Part 4 of Division 3 of the Civil Code](#))
- Gift cards subject to the above provisions of the Civil Code with no expiration date are now excluded from unclaimed property escheatment requirements. ([CCP Section 1520.5](#))

#### **AB 1772 (Chapter 813, Statutes of 2002)**

- Unclaimed Property notices sent by holders to customers are required to include specified information in bold or in a font a minimum of 2 points larger than the rest of the notice. This includes indicating that there has been no owner contact or activity with respect to the account, the account number or identifier, and that the holder is required to turn the account over to the Controller if there is no contact. ([CCP Section 1520 \(b\)](#))

#### **Forms and Publications**

All unclaimed property forms ([www.sco.ca.gov/col/ucp/forms/index.shtml](http://www.sco.ca.gov/col/ucp/forms/index.shtml)), reporting instructions, magnetic media specifications, diskette reporting program ([www.sco.ca.gov/col/ucp/holder/index.shtml](http://www.sco.ca.gov/col/ucp/holder/index.shtml)), and the law and regulations ([www.sco.ca.gov/col/ucp/lawregs/ucplaw.pdf](http://www.sco.ca.gov/col/ucp/lawregs/ucplaw.pdf)) are available on the Internet, click on the links we have provided. Prior to preparing unclaimed property reports, each organization should review the law and the reporting instructions to ensure that all requirements are understood. Questions regarding the reporting process may be directed to Reporting Services at (916) 464-6284.