

## Connecticut's Unclaimed Property Law

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### Issue

This is a summary of Connecticut's unclaimed property law. It updates OLR Report [2006-R-0507](#).

### Summary

Tangible or intangible property may escheat (revert) to the state if it is presumed abandoned. Such property includes money, money orders, checks, drafts, deposits, interests, stock dividends, bonds, and insurance proceeds.

The person or entity that possesses the property (i.e., the "holder") must attempt to notify the rightful owner before presuming it abandoned. If these efforts fail, the holder must turn the abandoned property over to the state treasurer, who is responsible for any ownership or other types of claims to the property. The treasurer places most of such property received into a trust account where owners or their heirs may claim it.

### Abandoned Tangible Property

Tangible property is presumed abandoned after the expiration of a fixed period of inactivity, based on its type, when there has been (1) no interaction between the holder of the property and the person who either owns or is entitled to it and (2) no attempt by the apparent owner to claim it. Examples of inactivity include not making any deposits to or withdrawals from, bank accounts. Table 1 shows the minimum inactive period to presume property is abandoned by type of property and holder.

**Table 1: Minimum Inactive Periods for Presuming Tangible Property Abandoned**

<b>Property Holder (Statute)</b>	<b>Property Presumed Abandoned After (Years)</b>
Banking or Financial Institutions  <a href="#">(CGS § 3-57a)</a>	Three years of inactivity for demand or savings deposit made in this state; funds paid to purchase shares or interests in a financial organization or a deposit made with them; sums payable on checks certified in this state or money orders, drafts, or traveler's checks; and most matured time deposits made in this state  Five years from the expiration of the lease or rental period for the contents of a safe deposit box or other safe repository  Three years for individual retirement accounts and self-employed retirement plans, starting six months after the date on which federal tax rules require distribution of funds to the beneficiary to begin
Insurance Company  <a href="#">(CGS § 3-58a)</a>	Three years after all held and owed unclaimed moneys became due and payable as established from the company's records under any matured or terminated life or endowment insurance policy or annuity contract or any other insurance company's records  A life insurance policy not matured by actual proof of the insured's death is deemed to be matured and its proceeds due and payable after three years if such policy was in force when the insured attained the limiting age under the mortality table on which the reserve is based, and the person appearing entitled to it has not: <ol style="list-style-type: none"> <li>1. assigned, readjusted or paid premiums on the policy,</li> <li>2. subjected the policy to loan, or</li> <li>3. corresponded in writing with the insurance company concerning the policy</li> </ol>
Business Association  <a href="#">(CGS § 3-59a)</a>	Any unclaimed stock or other ownership certificate, or any dividend, profit, distribution, interest, payment on principal, mineral proceeds, or other sum held or owing by a business association for or to a shareholder, certificate holder, member, bondholder or other security holder, or a participating patron of a cooperative, who has not corresponded in writing concerning it within three years after the prescribed payment or delivery date  Any sum payable on a traveler's check issued or sold in this state on which a business association is directly liable, which has been outstanding for more than 15 years from its issuance date, unless the owner has within 15 years corresponded in writing with the business association concerning it, or otherwise indicated an interest as evidenced by a memorandum on file with such business association  Any sum payable on a money order issued or sold in this state on which a business association is directly liable, which has been outstanding for more than seven years from its issuance date
Ownership Interest in a Business Association  <a href="#">(CGS § 3-59b)</a>	Any ownership interest in a business, whose owner for more than three years has not: <ol style="list-style-type: none"> <li>1. claimed a dividend or other sum</li> <li>2. corresponded in writing with the association, or</li> <li>3. otherwise indicated an interest in such ownership</li> </ol>

Table 1 - Continued

<i>Property Holder (Statute)</i>	<i>Property Presumed Abandoned After (Years)</i>
Fiduciary <a href="#">(CGS § 3-61a)</a>	All property and any income or increment held for the benefit of another person, unless the owner has, within seven years after it became payable or distributable: <ol style="list-style-type: none"> <li>1. increased or decreased the principal,</li> <li>2. accepted payment of principal or income,</li> <li>3. corresponded in writing with the fiduciary concerning the property, or</li> <li>4. otherwise indicated an interest</li> </ol>
Government <a href="#">(CGS § 3-62a)</a>	Three years for unclaimed property held by a court, public corporation, public authority, public officer of the state or political subdivision; except claims against the state for less than \$3,000 are presumed abandoned if the property is not collected within one year after such claim is granted
Federal Court or Agency <a href="#">(CGS § 3-62b)</a>	Four years for property and money under the court's custody or control; except one year for refunds, rebates, or tax rebates from a federal agency or department
Decedent's Estate <a href="#">(CGS § 3-63a)</a>	The date the Probate Court orders the property distributed

**Table 2: Minimum Inactive Periods for Presuming Other Property Abandoned**

<i>Other Property Types (Statute)</i>	<i>Presumed Abandoned After</i>
Insurance company demutualization payments <a href="#">(CGS § 3-59a(d))</a>	Any unclaimed property payable or distributable in the course of a demutualization of an insurance company if the property is unpaid three years after the date the property became payable or distributable
Wages, other than those collected from minimum fair wage or overtime wage law violators <a href="#">(CGS § 3-60b)</a>	Remaining unclaimed one year after due, payable, or distributable
Utility deposits, refunds, and other sums owed <a href="#">(CGS § 3-60c)</a>	Remaining unclaimed one year after due, payable, or distributable

## **Abandoned Intangible Property**

Once intangible property (e.g., intellectual property) is presumed abandoned, it is subject to the state's custody as unclaimed property if the property arose out of a transaction in this state and the last-known address of the property owner or person entitled to it is unknown or the holder is domiciled, and the property owner's last-known address is, in a state that does not have an applicable law on escheats or custodial taking.

Abandoned intangible property is also subject to the state's custody if the holder's records:

1. show a last-known address of the apparent owner that is in this state;
2. do not include the name of the person entitled to the property and the last-known address of such person is in this state; or
3. do not reflect the last-known address of the apparent owner and (a) the last-known address of the person entitled to the property is in this state or (b) the holder is a domiciliary or a state subdivision or agency and has not previously paid or delivered the property to the state of the last-known address of the apparent owner or other person entitled to the property.

Additionally, abandoned intangible property is subject to the state's custody if the last-known address of the apparent owner is in a (1) foreign nation and the holder is a domiciliary or a governmental subdivision or agency of this state or (2) state that (a) does not provide by law for the escheat or custodial taking of the property or (b) has a law but it is not applicable to the property and the holder is a domiciliary or a governmental subdivision or agency of this state ([CGS § 3-66b](#)).

## **Duties of Holder of Abandoned Property**

### ***Notice to Owner***

Before a presumption of abandonment takes effect, the holder of 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. The notice must be sent by first class mail at the owner's last known address. The holder must send the notice no more than 180 days before wages, salaries, compensation, utility deposits, refunds, or other sums are presumed abandoned. Holders have one year to send the notice before other property is presumed abandoned.

### ***Delivery or Report to Treasurer***

With one exception, the holder of property must, within 90 days after the end of the calendar year in which property is presumed abandoned, deliver it to the treasurer and prepare an unclaimed property report. The exception is for personal property (excluding military medals) in a safe deposit box or other safekeeping repository at a bank or financial institution. The holder must sell this property and turn the proceeds over to the treasurer.

Anyone who fails to deliver or report abandoned property to the treasurer within the specified period must pay 15% interest on the property from the date the property should have been delivered or reported. The treasurer may waive the interest upon a showing of a good faith effort to comply.

### ***Third Party Contracts***

A holder of property presumed abandoned may contract with a third party to store and sell the property and to pay the sale proceeds, excluding any charges that may be lawfully withheld, to the treasurer, provided the third party holds a surety bond or other form of insurance coverage with respect to such activities. Any holder who sells the property and remits the excess proceeds to the treasurer or who transmits such property to a bonded or insured third party for such purposes is not responsible for any claims related to the sale or transmission of the property or proceeds to the treasurer. If the treasurer exempts any such property from being remitted or sold, whether by regulations or guidelines, the holder of such property may dispose of it in any manner he or she deems appropriate and is not responsible for any claims related to the disposition of such property or any claims to the property itself. Charges that may be withheld include costs of storage, appraisal, advertising, and sales commissions as well as lawful charges owing under the contract governing the safe deposit box rental ([CGS § 3-65a\(j\)](#)).

### ***Military Medals***

In the event military medals are presumed abandoned, a banking or financial organization must transmit them to the Department of Veterans' Affairs (DVA) in accordance with procedures established by the treasurer. The treasurer and DVA commissioner must enter into a memorandum of understanding (MOU) concerning the handling of such medals and DVA must hold such medals in its custody according to the MOU. The treasurer may make any information obtained, including any photograph or other visual depiction of a military medal but excluding Social Security numbers, available to the public to facilitate the identification of the original owner of the medal or such owner's heirs or beneficiaries ([CGS § 3-65a\(k\)](#)).

## ***Examination and Compliance***

The treasurer or his designee may examine a holder of property to determine compliance with the law. He must keep a permanent record of the reports. He may decline to receive any property that is valued at less than the cost of giving public notice or holding a sale ([CGS §§ 3-65a](#) and [-65b](#)).

## ***Fees and Charges***

With a few exceptions, a holder may not impose a dormancy, abandoned property, unclaimed property, escheat, inactivity, or similar charge or fee on the property subject to escheat, including gift certificates and general use prepaid cards. The exceptions are for demand or savings deposits; funds paid to purchase shares or interests in a financial organization or a deposit made with them; most matured time deposits made in this state; and property in a safe deposit box. However, holders cannot charge an escheat charge or fee on the property subject to the exception ([CGS § 3-65c](#)).

## **Recovery of Funds or Property**

The treasurer must demand, or request the attorney general to initiate proceedings for, an adjudication when property escheats to the state and take appropriate action to recover it ([CGS § 3-66c](#)).

## **Property Held by Federal Courts and Agencies**

When property held by federal courts or agencies located in this state has escheated, the state treasurer must take appropriate actions to recover it or ask the attorney general to initiate proceedings to do so. The treasurer must pay all costs incident to collection and recovery of the funds and property that have not been sold from the Special Abandoned Property Fund (see below) and place the balance in the General Fund. The treasurer must return any monies or property to the federal government if a court order requires any officer, department or agency of the federal government to make a payment from the escheated funds ([CGS §§ 3-62c, et seq.](#)).

## **The State's Responsibility to Hold the Property for Its Owner**

When property is transferred to the state, the state assumes custody of it ([CGS § 3-67a](#)). Any person claiming an interest in it may make a claim for it by filing a certified claim, stating the relevant facts. The state treasurer has 90 days to consider the claim and respond in writing and must pay valid claims ([CGS § 3-70a](#)).

The treasurer may sell to the highest bidder all unclaimed property delivered to him, other than money, at a public sale in whatever locality of the state he determines affords the most favorable market. The treasurer must publish notice of the sale of all property, other than securities, at least two weeks in advance of the sale ([CGS § 3-68a](#)). He may decline the highest bid if he considers it insufficient and reoffer the property at a later sale. The treasurer may also dispose of such property by private sale if the cost of a public sale will exceed the property's value.

Excluding the proceeds from the sale of property that is deposited in the Special Abandoned Property Fund, the treasurer must deposit the unclaimed money, including the proceeds from the sale of property, in the General Fund to be credited to the Citizens' Election Fund ([CGS § 3-69a](#)).

### ***Notice by Treasurer***

In every even-numbered year the treasurer must publish notice of all abandoned property reported or delivered to him during the preceding year and valued at \$50 or more. He must post the notice electronically on the treasurer's website and at least once in a newspaper having general circulation in each county in which the apparent property owner was last known to reside. In addition to this notice, the treasurer may make such notice accessible via the Internet (e.g., social media) or other telecommunications methods ([CGS § 3-66a](#)).

## **Special Abandoned Property Fund**

The law authorized the State Bond Commission, by June 30, 2005, to issue up to \$60 million in special obligation abandoned property fund bonds, plus the costs of financing and issuing the bonds. A Special Abandoned Property Fund is used to repay the bonds. The treasurer deposits into the fund the cash proceeds realized from abandoned property in his custody. Investment earnings become part of the fund assets and any fund balance remaining at the end of the fiscal year is carried forward to the next year.

The treasurer deposits all receipts from abandoned property in the fund until the bonds are paid off. The law gives debt service for the bonds first call on the state's receipts credited to and held in the fund and pledges the fund revenues to repay the bonds. The state and its political subdivisions have no direct or contingent general obligation to repay abandoned property fund bonds and the bonds are not subject to statutory limits on the state's bond debt. The law specifies what the abandoned property bond proceedings and covenants may contain; establishes liens and other security; and makes standard state bond financing, issuing, refunding, investment, and other requirements apply to them. The costs to administer the program are paid from the abandoned property fund ([CGS § 3-62h](#)).

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