

Insurance Companies Continue to Settle With States on Unclaimed Life Insurance Policies - Could One Be Yours?

Multiple life insurance companies have reached multi-state settlements regarding an industry-wide practice of companies failing to pay death benefits to the beneficiaries of life insurance policies, despite having access to federal records indicating that policyholders had died, or direct confirmation from relatives of the deceased.

Instead, some companies would continue collecting premium payments from the deceased by drawing down the policies' cash reserves. Once the cash reserves were depleted, the company would cancel the policy. This was led by Controller John Chiang in California. Many other states pursued this issue. Some of the companies to settle are AIG, MetLife, Prudential, and Nationwide.

The settlements with insurance regulators require the insurance companies to regularly to check the Social Security Administration's Death Master File to determine whether any of its life insurance policyholders, owners of annuities, and holders of retained asset accounts have died. If the company finds that a policyholder has died, the agreement requires it to conduct a thorough search for beneficiaries, using all contact information in its records and online search and locator tools. If beneficiaries cannot be located, the company must turn the proceeds owed to beneficiaries over to the states as required by state unclaimed property laws.

Unclaimed property laws are in place to protect private property from being drawn down by service or storage fees, lost during mergers or bankruptcies or hoarded unlawfully by the business to use for its own purposes. Administered by individual states, the unclaimed property program generally provides that businesses send financial property and accounts to the State after three years of inactivity. The

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Source:

<https://uphelp.org/insurance-companies-continue-to-settle-with-states-on-unclaimed-life-insurance-policies-could-one-be-yours/>

Date: November 23, 2024



State maintains an unclaimed property database accessible by a resident to identify all unclaimed property the State has collected on their behalf.

Visit the National Unclaimed Property Administrators website at www.unclaimed.org.

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