

Life insurers settle with regulators and agree to be more pro-active in seeking out beneficiaries

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The California Department of Insurance and six other states have negotiated a \$17 million settlement with Prudential Insurance Co. to speed up payouts to life insurance beneficiaries. The settlement requires Prudential to regularly check the Social Security “Death Master” file to determine whether any of its life insurance policyholders, owners of annuities, and holders of retained asset account have died. The Death Master file is a database of people who have died in the United States maintained by the Social Security Administration. The file is rented to life insurers. If Prudential finds that a policyholder has died, the agreement requires Prudential 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, Prudential must turn the proceeds owed to beneficiaries over to the states as required by state unclaimed property laws. Benefits owed to beneficiaries will be paid once they have been located. Paid benefit amounts will be determined according to the terms of each individual policy. The agreement requires Prudential to pay \$17 million collectively to the states participating in the settlement. California’s share of the settlement has not yet been determined, but is expected to be more than \$1 million. “Our Death Master investigation exposed life insurance companies’ failure to pay benefits even though they had knowledge of policyholder deaths from the Death Master file,” said state Insurance Commissioner Dave Jones. “I am hopeful this settlement will lead other life insurers to come forward and enter into similar agreements.” The other states in the settlement are: Florida, Illinois, New Hampshire, North Dakota, Pennsylvania and New Jersey. The agreement becomes effective after an additional 13 states sign it.