



NEW YORK STATE SENATOR

Phil Boyle

Check To See If You Are Entitled To An Unpaid Life Insurance Policy

PHIL BOYLE January 30, 2013

| ISSUE: **INSURANCE**

MORE THAN \$665 MILLION IN UNCLAIMED LIFE INSURANCE BENEFITS PAID TO DATE AS A RESULT OF STATE INVESTIGATION

An investigation started by the Department of Financial Services in July 2011 has resulted in more than \$665 million being paid to life insurance beneficiaries who were unaware that they were entitled to money from insurance companies.

Before DFS put in place new regulations in 2012, insurance companies did not regularly seek out beneficiaries to pay death benefits, but instead waited for someone to make a claim. However, a significant number of people are not aware that they are named on a life insurance policy by a relative and so do not make a claim.

In July 2011 DFS began an investigation into life insurance claims practices that has so far resulted in insurers making 89,171 payments totaling \$665.7 million to beneficiaries unaware they were entitled to the money, including 18,597 payments totaling \$206.2 million to New Yorkers. In May 2012, the Department adopted an emergency regulation requiring insurers to conduct these searches at least quarterly. In December 2012, Governor Cuomo signed into

law legislation that makes permanent regular searches of records to identify when a policyholder died and to locate beneficiaries so that life insurance proceeds can be paid.

"It is only fair for families and individuals who lost loved ones to receive the life insurance benefits to which they are entitled," Governor Cuomo said. "As a result of the state's leadership and the new regulation we have put in place, life insurers are now responsible for proactively identifying policyholder deaths and are making good faith efforts to find people so hundreds of millions of dollars in unclaimed benefits can be paid."

Benjamin M. Lawskey, Superintendent of Financial Services, said, "Most of these lost policies belonged to middle class and working people whose family members will clearly benefit from the payment of funds intended for them. Our ongoing investigation, which has already resulted in more than \$665 million in payments to beneficiaries, clearly demonstrates the importance of the law Governor Cuomo signed last year."

In 2011, the Department of Financial Services instructed insurers to search a Social Security Administration database, its "Death Master File," to identify policyholder deaths and cross-check that data against active and terminated policies for which no claims had been made.

The new law obligates insurers to conduct data searches on a quarterly basis. In addition, the law requires that insurers:

- Search for multiple policies that a deceased policyholder may have purchased and notify the insurer's parent company, subsidiaries and affiliates of a death so those entities can identify policies where no claims have been filed.

- Request sufficient beneficiary information at the time a policy is purchased so that benefits can be paid more quickly when a policyholder dies.

- Respond to requests for information to find lost policies or unclaimed life insurance policies in order to assist consumers using the "Lost Policy Finder," an application on the Department of Financial Services' website, www.dfs.ny.gov.

Working with the life insurance industry, the Department launched the Lost Policy Finder, which helps consumers locate lost misplaced life insurance policies and annuity contracts on deceased loved ones. Requests submitted through the application are communicated to insurance companies so that searches can be made to identify the existence of policies and begin the process for paying proceeds where benefits are due.