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Illinois Treasurer Michael Frerichs’ Legislation  
To Require Insurance Companies to Pay Death Benefits 
Is Signed into Law

SPRINGFIELD - Families have more protection from life insurance companies that use loopholes to avoid paying death benefits now that the Unclaimed Life Insurance Benefits Act was signed into law, Illinois Treasurer Michael Frerichs said today.

Frerichs championed the legislation after learning some life insurance companies choose not to pay death benefits even when they know or should have known that a customer died. Instead, the companies rely upon this non-payment to fatten their profit margins. Since 2011, the treasurer’s office identified more than $550 million in life insurance proceeds that should have been paid to beneficiaries in Illinois. Gov. Bruce Rauner signed the legislation today.

“I’ve never met a man or woman who purchased life insurance with the expectation that the death benefits would stay with the insurance company rather than their family,” Frerichs said. “Life insurance policies are purchased to help families push through difficult times. Today, grieving families no longer will be victimized by unscrupulous life insurance companies.”

The legislation requires companies to use the Death Master File (DMF) list to determine if a policy holder has died and the death benefits have not been paid. The Social Security Administration manages the list to make sure recipients are alive and to prevent waste, fraud and abuse in social security program.

Opponents to the legislation include the Kemper Corporation. Three life insurance companies under Kemper’s umbrella have sued Frerichs. The lawsuit is a result of Frerichs’ request to have an auditor determine if the companies are holding life insurance policies that could have been paid but remain unclaimed. Kemper seeks to block the audit, saying “life insurers such as (Kemper) have no affirmative obligation to take any steps to determine that an insured has died and/or that benefits are payable…” and that they “do not want to … adopt a practice where (Kemper has) an affirmative obligation to identify deceased insureds and escheat policy proceeds five years after the date of a death reported on the DMF.” (Kemper Complaint filed in Sangamon County, 2015MR998, pp 9, 20)

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The AARP, Veterans of Foreign Wars, Citizen Action, Catholic Conference of Illinois and the National Association of Social Workers supported the proposal.


In Illinois, the state treasurer is tasked with safeguarding unclaimed property, such as life insurance benefits, forgotten bank accounts and unused rebate cards. Illinois holds more than $2 billion in unclaimed property. Individuals can search a database for their name or the name of their business or non-profit at www.illinoistreasurer.gov Scroll down for the I-Cash button. Frerichs’ office never charges anyone to search the database or return unclaimed property.

HB 4633 requires insurers to periodically match their policies, annuity contracts, and retained asset accounts against the DMF. If an insurer runs the DMF more frequently to stop annuity payments, it must do the same for death benefits. If a match is found and the beneficiaries do not file a claim within 120 days, the insurer must make a good-faith effort to locate the beneficiaries. If the insurer locates the beneficiaries, they must provide them with the proper forms and instructions to claim the proceeds. If the insurer does not locate the beneficiaries and no one claims the proceeds from the insurer within the statutory five year period, the money must be turned over to the state so the treasurer can continue attempting to locate the beneficiaries.

Legislation similar to HB 4633 was signed into law earlier this year in Florida and West Virginia after passing the respective legislatures with overwhelming bi-partisan majorities. The Florida law passed unanimously and was championed by the elected Chief Financial Officer, a Republican. The West Virginia law was championed by the Democratic state treasurer. New York passed the first law to require DMF matching by life insurance companies in 2011. Illinois becomes the 23rd state to enact such a law.

About the Illinois Treasurer
The Illinois Treasurer is the state’s chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state’s Chief Investment Officer, he actively manages approximately $25 billion. The portfolio includes $13 billion in state funds, $7 billion in college savings plans and $5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns $28 to the state for every $1 spent in operations. The Treasurer’s Office predates Illinois’ incorporation in 1818. Voters in 1848 chose to make it an elected office.

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