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Treasurer Frerichs Calls on Governor Rauner to Sign Legislation Requiring Life Insurance Companies to Pay Death Benefits  
HB 4633 Passed Both Chambers, Awaits Governor’s Signature

CHAMPAIGN – Illinois State Treasurer Michael Frerichs today called on Governor Bruce Rauner to sign into law House Bill 4633 (Unclaimed Life Insurance Benefits Act) that requires insurers to use the federal Death Master File to determine if a policy holder has died and the death benefits have not been paid.

The legislation, which passed unanimously in the Illinois House and Senate last month, is needed because not all life insurance companies pay death benefits when they know or should have known the policy holder has passed away.

“It’s a disappointing fact, but some life insurance companies admit that they avoid paying death benefits to increase their profit margins,” Frerichs said. “Governor Rauner has an opportunity to sign into law a measure to ensure Illinois residents are not victimized by certain life insurance companies.”


Opponents 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 have become unclaimed property under Illinois law. 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 pp 9, 20)

The AARP, Veterans of Foreign Wars, and the Union Labor Life Insurance Company supported the proposal so the final wishes of the deceased could be fulfilled.

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“Keeping beneficiaries from the life insurance claims they are due is shameful and is harmful to the well-being of Illinois’ families in distress,” said Ryan Gruenenfelder, Manager for Advocacy and Outreach with AARP Illinois. “House Bill 4633 addresses this shameful problem. We commend Treasurer Frerichs for bringing it forth and passing it through the General Assembly and we strongly urge Governor Rauner to sign it into law.”

The Death Master File, or DMF, is used by the Social Security Administration and other government agencies to fight waste, fraud and abuse. More than 20 life insurance companies representing more than 70 percent of the national market routinely check their policies against the DMF. Since 2011, Illinois has used audits to identify more than $550 million in life insurance proceeds that should have been paid to beneficiaries in Illinois.

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 approximately $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 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.

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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