

Life Insurance and Other Death Benefits

Life insurance death benefits may represent a significant portion of the deceased's estate. It is important to identify what insurance policies may exist and to notify the insurance companies of the death.

Locating Insurance Policies and Coverage

Locate and safeguard all life insurance policies or any other indications of life insurance policies such as premium notices. Do not discard any documents that look official, especially insurance policies which appear to have lapsed. Even if a policy owner had ceased paying premiums, a life insurance policy may have been kept in force by some arrangements stated in the policy.

Often the best and quickest way to locate life insurance policies is to check the deceased's checking accounts, credit card statements, payroll records, debt records, receipts, and correspondence. Also, if an accident was involved, check auto and homeowner insurance policies. Remember that some credit card companies and travel agencies provide accidental death coverage if their services were used for travel arrangements. Determine how travel arrangements were made and paid, and check airline ticket folders and luggage for insurance policies.

Contact friends, neighbors and relatives of the deceased for any information they may have about life insurance policies. Find out the names of life insurance agents or brokers that may have had dealings with the deceased and contact them. Ask these agents or brokers for names of other agents or brokers whom they feel may have had dealings with the deceased. It is common to have more than one agent or broker. Locate the attorneys, accountants and bookkeepers who have prepared legal,

accounting or tax work and ask them if they are aware of any policies, agents or brokers with whom the deceased may have worked.

Review those policies which you have located to determine prior policies the deceased may have owned. In the back of most life insurance policies is a copy of the original application. The application normally asks for the names of companies, amounts of coverage and when or if prior life insurances were applied for. This may help you locate older policies and prior insurance agents.

If you suspect that the name of an insurance company may have changed, contact the Washington State insurance Commissioner's Office. They will have the new company's name and address.

If you still feel there is a life insurance policy or other benefits outstanding, send a stamped, self-addressed envelope and your request to:

Missing Policy Service
American Council of Life Insurance
1001 Pennsylvania Avenue NW
Washington, D.C. 20004-2499

You will receive, at no charge, a lost policy tracer to fill out and return (phone requests will not be requested). The Missing Policy Service then sends copies of your lost policy tracer form to about 100 of the largest life insurance companies for them to search their records for the name of the deceased. This process will take three to six months, or longer.

If the insurance company finds that the deceased has a policy in force with them, that insurance company will then contact you directly. The American Council on Life Insurance does not do any searching of its own, nor does it notify you of any results – good or bad. They do provide you with a very valuable service by distributing your inquiry to the companies that write about 70% of all insurance policies sold.

Another important source of information is the Medical Information Bureau, which provides a service for life insurance companies. However, this form can only provide you with the names of insurance companies to which the deceased applied for a policy, not whether a policy was actually issued. After you are provided the names of the companies, it is up to you to contact them regarding what actions they may have taken regarding an individual applicant. You should also be aware that only 10 to 15 percent of life insurance applications are reported to the Medical Information Bureau, and its records only go back seven years. The Bureau also has an "activity index" which lists the insurance companies that inquired about a particular individual, which is kept for the last two years.

To use the Medical Information Bureau's free service, write to:

Information Office, Medical Information Bureau
P.O. Box 105, Essex Station
Boston, MA 02112

In order to help you, the Bureau must have: (1) a detailed identification of the deceased, including full name, date of birth and place of birth, (2) a copy of the death certificate, and (3) either the personal representative's court issued Certificate of Qualification or, if there is no personal representative, a letter from an attorney stating that you are an appropriate person to handle such matters and that the deceased's estate is not subject to probate.

If the life insurance proceeds may have been paid to the State of Washington because named beneficiaries could not be located, you should contact:

The Washington State Department of Revenue
Miscellaneous Tax/Unclaimed Property/Escheats
P.O. Box 47470
1101 South Eastside Street
Olympia, WA 98504

To date no policyholder in the State of Washington has lost money due to an insolvency of an insurance company licensed to do business in the State. However, in the past few years there have been some companies deemed to be insolvent. If you have a concern regarding the solvency of a company, contact the Washington State Insurance Commissioner's office.

Filing a Claim

Normally, insurance companies require two forms to establish proof of a claim: (1) a statement of claims and (2) a death certificate or attending physician's statement. A company, however, reserves the right to request further information or proof if deemed necessary.

The claimant's certificate must be completed by the person legally entitled to receive the proceeds. This person must state in what capacity he or she makes claim: named beneficiary, assignee, executor, administrator, guardian or trustee.

If the beneficiary is incompetent or a minor, a guardian should file the form. If proceeds are to be paid to an estate, an administrator or executor should complete the form. In each case, a certificate of appointment must be furnished.

If the named beneficiary is deceased, his or her death certificate must be provided as additional proof.

Social Security

The deceased is considered to be covered by Social Security if he or she paid in to the Social Security for at least 40 quarters. Check with your local Social Security office or call 1-800-772-1213 to determine if the deceased was eligible. If the deceased was eligible, there are two types of possible benefits.

A death benefit of \$255 (in 1994) is provided toward burial expenses. You can complete the necessary form at your local Social Security office,

or you can ask the funeral director to complete the application and apply the payment directly to the funeral bill. This payment is made only to eligible spouses or to a child entitled to survivor's benefits.

Survivor's benefits for a spouse or children are as follows:

- If the spouse is age 60 or older, he or she will be eligible for benefits. The amount of the benefit received prior to age 65 will be less than the benefit due at or after age 65.
- Disabled widows age 50 or older will be eligible for benefits.
- The spouse of the deceased who is under 60 but who cares for dependent children under 16 or cares for disabled children may be eligible for benefits.
- The children of the deceased who are under age 18 or who are disabled may also be entitled to benefits.

When applying for Social Security benefits, you should have birth and death certificates of the deceased, marriage certificate, birth certificates of any dependent children, Social Security numbers, and copies of the deceased's most recent federal income tax return.

Please remember that Social Security benefits are not automatic; they must be applied for. Delay in applying can cause loss of the some benefits because back payments cannot be made for periods exceeding 12 months.

Veteran's Benefits

If the deceased was a veteran, the survivor may be eligible to receive a lump-sum payment of \$300 (in 1994) for burial expenses and an allowance of \$150 (in 1994) toward a plot in a private cemetery (burial in a national cemetery is free to a veteran, his or her spouse, and dependent children). Veterans are also eligible to receive a headstone or grave marker at no charge.

The funeral director often can help you apply for these benefits, or you can contact the regional Department of Veterans' Affairs (VA) office. The regional office is located at 915 Second Avenue, Seattle, WA 98174 and can be contacted at (206) 264-7200.

The surviving spouse and dependent children of veterans receiving disability benefits may also be entitled to monthly payments. Check with your regional VA office.

Employee Benefits

If the deceased was employed at the time of death, you should contact the employer regarding any benefits for the survivors. The employer may have provided life, health or accident insurance which will yield payments. The deceased may be due a final paycheck for vacation or sick leave. If the death was work-related, there may be worker's compensation benefits. Check for credit union accounts through the deceased's employment. Self-employed persons can also have pension plans. Look for pension deposit deductions on past income tax returns.

You should contact all past employers, including federal, state or local governments, to determine if the survivors of the deceased are entitled to any payments from a pension plan.

Also check with the employer to see if the deceased belonged to a union or professional organization. These groups may offer death benefits for their members.

If the deceased was already retired and receiving a pension, you should check with the former employer to determine if survivors will continue to receive a pension payment or whether the payment will be reduced.