



OFFICE OF ILLINOIS STATE TREASURER

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FOR IMMEDIATE RELEASE

April 25, 2017

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Frerichs Proposal to Compel Life Insurance Companies to Pay Death Benefits Dating Back to 1996 Passes Illinois House

SPRINGFIELD – Legislation requiring life insurance companies to look back to 1996 to identify policy holders who have died and the benefits have not been claimed or paid to their loved ones passed the Illinois House today, Illinois Treasurer Michael Frerichs said.

The Illinois House passed the proposal (HB 302) by a vote of 68-47. The proposal now goes to the Senate for consideration.

“We must continue to stand up for Illinois consumers and make sure they are getting what they are owed from insurance companies,” Frerichs said. “For decades, we know some life insurance companies manipulated the rules to avoid paying death benefits, and that dishonest practice to help pad their bottom line at the expense of the deceased needs to stop.”

House Bill 302 requires insurers to evaluate policies in force since 1996, including those currently in lapsed or terminated status, because Frerichs and supporters believe some of these policies should have been paid to survivors. The legislation also requires insurers to request updated contact information for insureds and beneficiaries, such as a telephone number, mailing address, or email address. Doing so could avoid policies from going unpaid as a result of missing or mistaken contact information. The legislation also prohibits finders from charging owners a fee to recover their property from the time the property is presumed abandoned until it has been with the treasurer’s office for at least 24 months. Finally, the proposal would provide the treasurer’s office with access to vital records maintained by the Illinois Department of Public Health to assist in reuniting unclaimed property with the rightful owners or their heirs.

“For too long, life insurers have offered a promise they would not keep: to be there for your family when your loved one is gone. I’ve been proud to work earnestly with Treasurer Frerichs and my colleagues in the Legislature to make them live up to that promise through Illinois law, and this bill is another important step toward that goal,” said state Rep. Rob Martwick, a Chicago Democrat and the bill’s sponsor.

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Last year, Frerichs championed House Bill 4633, which was later signed into law, 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.

In Illinois, unpaid life insurance benefits are considered unclaimed property and returning unclaimed property to owners is among the duties of the Illinois State Treasurer. Since 2011, the treasurer's office has identified more than \$550 million in death benefits that were not paid to grieving families in Illinois. The *Wall Street Journal* reports that nationally the figure is more than \$7.4 billion.

Illinois holds unclaimed property in perpetuity until the items or funds are claimed by the owner or heirs.

There is more than \$2 billion in unclaimed property such as life insurance benefits, forgotten bank accounts, and unclaimed rebate checks from retailers. Individuals can search a database for their name or the name of their business or non-profit at www.illinoistreasurer.gov/ICASH.

Frerichs' office never charges anyone to search the database or return unclaimed property.

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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