



POLICYINSIGHT

A Policy Newsletter on Life and Health Insurance and Financial Security Issues

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Insurers Supporting Legislation to Get Unclaimed Benefits in the Hands of Beneficiaries

Life insurers pay out \$7.9 million a day in benefits in Texas and \$1.6 billion a day nationally.

In the normal course of business, 99 percent of life insurance benefits are paid as a response to a claim made by the beneficiary after the death of the insured. Thus, unclaimed life insurance benefits represent a very small percentage of total claims paid. But life insurers operating in Texas and throughout the nation know those percentages represent real people who deserve the benefits that are meant for them.

locate beneficiaries, and then to send any unclaimed proceeds to the state if the efforts to pay beneficiaries is unsuccessful. Model legislation proposed by the National Conference of Insurance Legislators (NCOIL) or similar statutes have already been approved by more than two dozen states. Adoption in Texas would bring the state in line with current practices across the nation.

assist beneficiaries with making a claim. Further, the model distinguishes between product lines for which Death Master File searches are appropriate and those for which such searches are unnecessary or inefficient. The model provides life insurers with operational uniformity and consistency among the states. This allows insurers to more efficiently perform Death Master File searches, identify matches, and act affirmatively to locate beneficiaries and assist them with the claims process.



Texas residents have **\$2.3 trillion** in total life insurance coverage

The insurance industry in Texas is stepping up during the 2017 legislative session by supporting SB 561 (Hancock) / HB 1243 (Smithee) to streamline the state's unclaimed property guidelines. The proposal is aimed at providing a uniform requirement for insurers to periodically look up to determine if an insured has died, to attempt to

Historically, if beneficiaries to a life insurance policy do not make a claim on the policy, those unpaid claims remained with the insurance company until either a claim is eventually made or until the insured reaches his or her "limiting age", usually age 107, per the insurance company's records. If attempts to contact beneficiaries were unsuccessful, insurers pay proceeds to the state as unclaimed property. Many companies are using new technology, such as using the Social Security Death Master File, to take proactive measures to determine if an insured has died and then using technology locate missing beneficiaries.

Life insurance companies are in the business of helping beneficiaries cope with the loss of a loved one and helping their clients achieve financial and retirement security.

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Insurers Doing Their Share to Fuel Texas' Economic Momentum

Providing financial security for Texas and Texas families is the lifeblood of life and health insurers — their role extends far beyond collecting premiums and settling claims.

Life and health insurers have spent decades providing Texas families peace of mind against financial uncertainty. Simultaneously, insurers are investing billions of dollars in Texas to spur job creation and enable brick-and-mortar projects that ensure the state a vibrant economy.

Life insurers invested \$473 billion in Texas in 2014, with about \$388 billion of that investment in the form of stocks and bonds that help create business development, finance job creation and fund new growth in infrastructure projects such as hospitals, roads and clean water. Life insurers also provide \$35 billion in mortgage loans on farm, residential and commercial properties, and own \$2 billion in real estate in Texas. The Texas insurance industry accounted for about \$17.3 billion in compensation paid in 2014 and contributed \$26.5 billion to the Texas gross state product in 2013, accounting for 1.7 percent of the state GSP. Premium taxes paid by insurance companies in Texas totaled \$1.8 billion in 2014.

But the most critical thing life and health insurers do for Texans is provide a safety net against the financial uncertainty that results when the unthinkable happens.



Life insurers invested **\$473 billion** in the Texas economy in 2014

Insurers have provided financial assistance to Texans after the death of a loved one or business partner, or in the case of a prolonged illness or health crisis that can similarly undo a lifetime of financial planning. Life insurers provide financial and retirement security through life insurance, annuities, long-term care and disability income insurance, and retirement plans. In 2014 alone, insurers paid \$24 billion to Texas residents in the form of death benefits, matured endowments, policy dividends, surrender values and other payments. Annuity benefits paid in the state in 2014 totaled \$5 billion.

Individual life insurance coverage bought in Texas in 2014 totaled \$126 billion and overall, Texas residents have \$2.3 trillion in total life insurance coverage. There are 10 million individual life insurance policies in Texas, with coverage averaging \$130,000 per policyholder. Group life insurance coverage amounts to \$902 billion.

Some 83 percent of Texans had some form of health insurance in 2015, providing support against sickness and disease.

Insurers also play a critical role in keeping seniors healthy for the long-term and backstopping others in the case of disabling injuries. While two-thirds of adults over the age of 65 will need help with bathing, eating or getting dressed over an extended time, only 10 percent have long-term care insurance. Many seniors find out too late that neither Medicare nor traditional health insurance pays assisted living expenses or nursing home care related to a long-term illness or disability,

forcing middle-income people to spend down their assets to qualify for long-term Medicaid services. Texas insurers offer long-term care protection to help prevent seniors from being forced to spend their life savings when they need help the most.

One in three workers, on average, will suffer a disability that keeps them out of work for 90 days or longer. Disability insurance offers a safety net to employees by paying a portion of earnings while they are unable to work.



In 2015, about **83% of Texans** had some form of health insurance

Besides the job growth spurred by the insurance industry's investment in Texas, life insurers are also responsible for about 191,000 jobs in the state, including 70,000 direct employees and 121,000 noninsurance jobs. There are 533 life insurers licensed to do business in Texas and 111 are domiciled in the state.

Sources: ACLI calculations based on National Association of Insurance Commissioners (NAIC) 2014 annual statement data; U.S. Bureau of Economic Analysis, 2014 data; Bureau of Labor Statistics, U.S. Department of Labor, National Compensation Survey, March 2015 and the Insurance Information Institute.



Texas Insurance Policy Locator Program Leads the Way for National Model

Often beneficiaries do not know if their deceased loved one had an insurance policy.

A program similar to one created three years ago by the Texas Department of Insurance and the life insurance industry to give consumers the ability to search online for missing life insurance policies and annuity contracts has just been adopted nationally by the National Association of Insurance Commissioners (NAIC).

“Many people don’t know where to begin when searching for a lost life insurance policy or annuity,” said Nick Gerhart, Iowa insurance commissioner and chair of an NAIC life insurance and annuities committee. “This policy locator simplifies the process for consumers and insurance companies.” NAIC is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the

Texas consumers who suspect they could be the beneficiary of a missing life insurance policy or annuity should fill out the Consumer Request Form on the TDI website (<https://txcomp.tdi.state.tx.us/TXCOMPWeb/lpl/common/lplHome.jsp>) with basic information about the deceased person in question. Only the legal representative of the deceased person’s estate or someone otherwise legally entitled to information about a policy (for example, the policy’s beneficiary) can make the request.

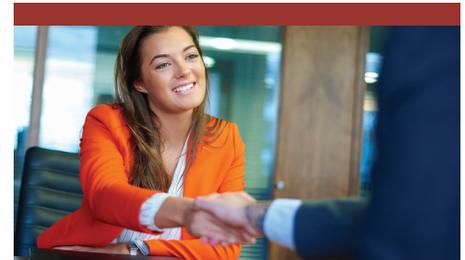
Once a month, TDI will forward information from the request forms to each of the more than 100 insurance companies that voluntarily participate in the service. They, in turn, will search their records to determine whether they have life insurance policies or annuity contracts in the name of the deceased and contact the requestor directly if they find a policy or contract and the person making the request is authorized to receive the information.

Companies will search for policies or contracts that were in force at the time of the insured’s death. The search also looks for policies or contracts that, within 12 months before the date of death, were terminated, lapsed, surrendered or transferred.

The record search is expected to take up to 90 days. If the person making the request doesn’t get a response within that time frame, it typically means that either the participating companies didn’t find a policy or annuity contract in the deceased’s name or the requestor isn’t eligible to receive the information.

If an insurance company knows that an insured has died but it cannot find the

policy beneficiaries within three years, it must send the death benefit to the state



Life insurers are responsible for about

191,000
jobs in the state

comptroller’s unclaimed property fund. The rightful owners of the life insurance proceeds can reclaim them from the comptroller. For more information on unclaimed policy proceeds, the public may visit the comptroller’s unclaimed property website, www.cpa.state.tx.us/up/.

TDI and the American Council of Life Insurers (ACLI) offer the following tips for continuing your search:

- Examine your relative’s bank statements and check registers for payments to life insurance companies. Life insurers commonly require payment of premiums by bank drafts, which would appear on monthly bank statements.
- Look for insurance agents in your relative’s address book or personal phone directory. The agent who wrote your relative’s car, home or health insurance also may have sold him or her a life insurance policy.

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The insurance industry contributed **\$26.5 billion** to the Texas gross state product in 2013

50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.

The Texas program was created in 2013 and became a model for other states to follow.



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Enacting consistent laws, such as the NCOIL Model Act, will complement existing unclaimed property laws and

insurance code provisions. These actions will assure uniformity and certainty for life insurance companies

and assisting beneficiaries with obtaining their benefits.

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- Contact the employee benefits offices at your relative’s former employers. Sometimes people buy group life insurance at work.
- Review your relative’s income tax records to see if he or she reported interest income on a cash-value life insurance policy.
- Check the mail for one year after death for premium notices, which usually are sent annually. If a policy has been paid up, there will not be any notice of premium payments due. However, the company may still send an annual notice regarding the status of the policy, or it may pay or send notice of a dividend.
- If you find a life insurance policy for a deceased relative but can’t locate the company, you can get help from TDI by calling the Consumer Help Line at 800-252-3439, or use the Company Lookup feature on TDI’s website. Profiles of active companies include addresses and phone numbers. Profiles of inactive companies include histories that let you trace mergers, acquisitions and reinsurance agreements that transferred their policies to other companies.



REGULAR MEMBERS

- AFLAC
- AIG
- Allstate
- American Fidelity Group
- American National Insurance Company
- Americo Group
- American Memorial Life Insurance Company
- Best Life & Health Insurance Company
- Blue Cross and Blue Shield of Texas
- Central Security Life Insurance Company
- Central States Group
- Colonial Life Insurance Co. of Texas
- Conseco Insurance Group
- Croy-Hall Management, Inc.
- Funeral Directors Life Insurance Company

- Genworth
- Germania Life Insurance Co.
- Government Personnel Mutual Life Insurance Company
- Guardian Life Insurance Company
- HCC Life Insurance Company
- Kemper Corporation/Reliable Life
- Landmark Life Insurance Company
- MetLife
- Mutual of Omaha Group
- National Farm Life Insurance Company
- National Life Group®
- National Teachers Associates Life Insurance Company
- National Western Life Insurance Company
- Nationwide

- New Era Life Insurance Company
- New York Life Group
- Pacific Life Insurance Company
- Primerica
- Prudential
- Southern Farm Bureau Group
- State Farm Insurance
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1005 Congress Avenue, Suite 995, Austin, TX 78701
(512) 472-6886 | www.talhi.com