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Bill specifies procedures for life insurance companies to search for beneficiaries by Andrew Stein

When the state audited life insurance policies several years ago, Vermont Treasurer Beth Pearce said that officials learned that some beneficiaries were not aware policies with money for them existed.

On Monday, Gov. Peter Shumlin signed House bill 95 that aims to correct that.

"It ensures that when Vermonters purchase life insurance, and they pass away, that in the grief and the turmoil and the tremendous challenges that come along with death ... that the beneficiaries actually receive those payments," he said.

The bill establishes three key measures, explained Pearce. It requires life insurance companies to analyze their life insurance policies twice a year for policyholders who may have died. Second, It requires the companies to make a "good faith effort" to find the beneficiary and provide the necessary forms and instructions within 90 days of identifying the individuals. Last, if the beneficiary is not identified, the life insurance company sends the money to the Treasurer's Office. Pearce said her office would then make an effort to identify the beneficiary.

If a life insurance company fails to comply with the state's requirements, Pearce will notify the Department of Financial Regulation to enforce current law and determine whether the infraction "constitutes an unfair claim settlement practice."

"We want to get those monies to Vermonters," Pearce said. "In Vermont, our word is golden, and when a loved one took out that policy they expected to receive those funds at their death. We expect ... to reach those beneficiaries as soon as possible."