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Department of Insurance Announces a Multi-Million Dollar Settlement with New York Life

Life Insurers Representing Over 50% of the Total National Market Have Agreed to Reform Business Practices

CHICAGO – October 24, 2013. Illinois Department of Insurance (DOI) Director Andrew Boron today announced an agreement with New York Life Insurance Company as part of a multi-million dollar settlement with several states regarding its use of the Social Security Administration's Death Master File (DMF). Under the settlement, New York Life Insurance Company will pay \$15 million dollars to states that are a party to the settlement.

This settlement with New York Life Insurance Company stems from multi-state market conduct examinations of the forty largest life insurers regarding the timely payment of proceeds to beneficiaries of life insurance policies and annuities. The principal lead state in this investigation was California, with support from insurance regulators from Florida, Illinois, New Hampshire, North Dakota, and Pennsylvania.

Under the agreement, New York Life will implement business reforms to promote a timely and efficient search for the beneficiaries of both its in-force life insurance policies and annuities using the DMF. The company will regularly match all of its insureds and annuitants against the DMF to help promptly identify when an insured has died, to locate and make payment to beneficiaries.

"With this settlement, another top ten life insurer has agreed to reform business practices to regarding the use of the Death Master File," said DOI Director Boron. "Now, a majority of the life insurance industry has stepped forward to use the DMF and locate beneficiaries."

More than 30 market conduct examinations remain ongoing to investigate companies' use of the DMF. For many years, some life insurers have used the DMF to search for and stop payments to annuity holders, but did not make use of the knowledge of deaths they gained from the DMF to identify their own deceased life insurance policyholders whose beneficiaries were owed life insurance proceeds. It is estimated that through this practice, those insurers avoided paying billions of dollars in life insurance proceeds to beneficiaries.

Market conduct examinations of eight of the ten largest insurers in the United States have been resolved. These life insurers, and the other smaller insurers who have settled, represent more than 50% of the market which demonstrates industry's change to properly and fairly use the DMF.

A copy of the New York Life settlement agreement is available on the DOI website at <http://insurance.illinois.gov/Home/ImpLinks.asp>. Consumers who have any questions regarding this settlement, or who have any questions or concerns about their insurance, should contact the Department's Consumer Division at <http://insurance.illinois.gov> or call 866-445-5364.

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