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The Basics

An insurance checklist for tragic times

You may not want to think about it. But when a loved one dies, survivors need to know how to make claims on life insurance and other policies. Here's a step-by-step guide.

By [Ginger Applegarth](#)

There are some things you should know when tragedy hits.

Even when a death is expected, it's only natural for financial fears to emerge when the emotional shock begins to wear off. Life insurance is designed to alleviate those fears.

As families of victims in the Sept. 11 2001 attacks found, the deaths of loved ones made coping infinitely more difficult. The sheer scale of losses from the attacks -- fatalities, injuries, damage to property and autos, lost business -- raised the idea that some life insurers couldn't or wouldn't pay death claims.

Insurance companies, in fact, came through and honored just about all claims. In fact, payouts in the first year after the attacks totaled nearly \$3 billion. If a terror attacks hits the country again and your family must deal with the nuts and bolts of sorting insurance issues out, here's some information on what to do. *Everyone* should read this, in fact.

How can I prove my loved one is one of the victims? Proof of death is usually given via a death certificate signed by a coroner or funeral home director. But this situation is different because so few victims' remains have been found.

Many state departments of insurance may let insurance companies accept affidavits from likely beneficiaries in lieu of actual death certificates. That's what happened after September 11, says Jack Dolan, spokesman for the American Council of Life Insurers. This

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concept was also used after the 1995 Oklahoma City bombing. A "likely beneficiary" means a spouse, if the deceased is married, or next-of-kin according to state law. For more information, check the American Council of Life Insurers' site. The link is at left.

Are terrorist acts considered an "act of war" and therefore excluded under the usual terms of many life insurance policies?

No one in the insurance industry categorized Sept. 11, and there is no reason to expect this now. To back out of paying a claim now would be considered unpatriotic and a marketing disaster.

Issues for everyone

Making a life insurance claim when a loved one dies is a difficult thing to do, I know, but this is information everyone needs to know. So, bookmark this or print it out and hold onto it. Here are the key questions.

What life insurance did the deceased have? With luck you have records of what insurance is in force, but that's not always the case. Your estate attorney can contact all likely life insurance carriers and ask for evidence of coverage. You may even need to hire an investigator to uncover policies you suspect exist but can't find. But here are some kinds of life insurance to look for:

- To locate policies, check your safety-deposit box (if not sealed by your state -- this varies by law). Then call:
 - Your life insurance agent.
 - Your lawyer.
 - Your homeowner's or auto insurance agent. They often sell life insurance or it's listed on an umbrella liability application.
 - The deceased's parents. (Yes, they may still have a life insurance policy on their child.)
 - Other relatives, friends, colleagues to whom they may have given specific information about other policies – or at least mentioned them.

- Go through the records. Check financial records, old divorce and business and other legal agreements. Many business arrangements and divorce decrees may have required the decease to carry insurance.

- Check with the deceased's employer. This isn't just for group life and accidental death, but other insurance coverage as well. There may have been a deferred compensation or other executive benefit plan funded with insurance policies that several executives participated in. (Even nonprofits and government agencies have these.) So a call to top management may also be

useful.

- Have someone check out the departure airport if the deceased died in a plane crash, and contact any insurance companies with on-the-spot purchase kiosks. In fact, find out how long these policies stay in effect and check out every airport the deceased was in during that time period. Mike Ambrose, senior vice president for Travelex, which offers a wide variety of financial services for travelers, says the company immediately checks all applications against plane manifests and notifies beneficiaries as soon as manifests are made final.
- Call the credit card company. Many credit card companies now offer automatic travel life insurance if the credit card was used to purchase the fatal airplane ticket. Others offer automatic accidental death benefits as well.
- Check with unions, professional and fraternal groups. If the deceased was a U.S. veteran or belonged to unions or professional or fraternal organizations, there may be automatic death benefits.

Where is a lost policy? A big question is where will you find a policy. Check out this article by Insure.com on MSN Money, "How to find lost insurance policies," for tips on finding old life insurance policies.

Remember, however, that the original policy is very important – though not absolutely essential – in making a claim. If the policy was in force (that is, all the premiums required to date have been paid), the life insurance company will pay.

How do I file a claim? Normally, the beneficiary or life insurance agent or estate attorney sends in a death certificate with the appropriate paperwork completed and signed. In extraordinary circumstances such as the terrorist attacks, insurance companies will probably accept signed affidavits in lieu of death certificates if the affidavits are accepted by their state insurance department.

How long do I have to wait before filing a claim? If notified by an agent that their client has died, life insurance companies often start processing paperwork before death certificates or affidavits are ever received. This can speed up the process. If you don't have an agent, call the company directly. To formally file a claim, you do need to have the right documentation.

How long until benefits are paid? Especially if you notify an insurance company in advance, non-contested claims could be paid within a few weeks. (If the policy is still in its "contestability period" and death was due to illness or suspected suicide, it may take longer to verify that the deceased did not withhold medical information or that

death was not due to suicide. Obviously, these issues are irrelevant in the Sept. 11 attacks.)

Fulfilling their obligations

Most of the time, we love to hate life insurance companies. We hate writing out those premium checks. But the life insurance industry rose to the tragic challenge of Sept. 11 and probably will again.

Most companies set up special hotlines and sent teams of experts to New York City to assist survivors of those killed. Companies and employees donated millions to relief efforts. The New York State Department of Insurance established a huge disaster center and provided assistance in trying to locate the missing, file insurance claims, in a supportive atmosphere with child care, food and round-the-clock counseling.

A wake-up call

If you are not in the position of having to file a life insurance claim because of the Sept. 11 tragedy, consider yourself extraordinarily fortunate.

You have been given the most powerful wake-up call imaginable to buy the insurance you need, keep it in force, get your estate in order and make sure someone has information about all of this. (In fact, many companies have extended deadlines for premium payments because of mail disruption and other issues since the Sept. 11 attacks. Call your insurance company if you fear your premium may not arrive before your policy lapses.)

Don't force your loved ones to endure or any of the additional trauma survivors are facing now (and will face in the weeks in months ahead) as they try to find out answers to these questions above, especially if the end result is the lifetime trauma of not having enough money to ever feel financially secure again.

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