

# MetLife to pay \$500M to settle death benefit probe

Multistate settlement resolves accusations that the insurer wrongly held beneficiaries' funds

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Daniel Schwen

MetLife Inc., the largest U.S. life insurer, will pay about \$500 million in a multistate settlement after regulators reviewed whether companies were holding funds that should go to beneficiaries.

MetLife said \$188 million will be paid in 2012, and remaining funds over the next 17 years. The New York-based company said it reserved for the expense after taking charges against earnings, including one in the first quarter for \$52 million. The insurer said it will use Social Security Administration records to determine when policyholders die.

Life insurers have faced increased scrutiny from regulators in Florida, California and other states over unpaid benefits. Florida's insurance commissioner said in May that insurers may have accumulated at least \$1 billion in unpaid funds. New York's insurance regulator last year ordered firms to use current Social Security data to determine when death payments are due.

The "agreement will make sure families who have been harmed by MetLife's practices are made whole," California Controller John Chiang said in a statement today. "If the industry isn't willing to make the payments legally required, we will take action."

Life insurers are generally required to pay claims after being notified of a policyholder's death and receiving a valid death certificate. Chiang said a hearing showed that MetLife didn't use information the insurer had from Social Security data to pay benefits and wasn't forwarding funds to his office as unclaimed property.

## **Reaching Out**

The insurer said that more than 99 percent of claims are submitted by beneficiaries and paid in a timely matter, and that the company is implementing monthly reviews to identify any additional deaths. MetLife will also reach out to some of the oldest people it insures, many of whom either don't have a Social Security number or didn't provide a date of birth when their policies were issued. Generally these people are older than 90, the company said.

MetLife advanced 1.3 percent to \$35.40 at 1:51 p.m. in New York, the biggest gain in the 24-company KBW Insurance Index.

Chiang said California's share of the settlement will probably be about \$40 million, with an average value of \$1,200 on more than 30,000 policies. The accord goes into effect once 20 states have signed on, according to the statement.

## **Jones, Cuomo**

MetLife is paying \$40 million to state insurance departments, according to a separate statement today from Dave Jones, California's insurance regulator. Prudential Financial Inc., the second-largest U.S. life insurer, previously reached a \$17 million deal with the watchdogs. American International Group Inc., the bailed-out insurer, added \$202 million to reserves at its life unit last year after changing its process for determining when policyholders die.

New York Governor Andrew Cuomo said today that a new website, NYPolicyFinder.com, will help life-insurance beneficiaries discover funds that they are owed. An investigation by New York's Department of Financial Services into instances where insured parties died and beneficiaries didn't file claims has led to more than 32,000 payments totaling \$262.2 million, according to a statement from Cuomo today.

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