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NEWS

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Department of Insurance Announces a Multi-Million Dollar Settlement with Transamerica

Illinois leads multi-state effort to examine payment of Life Insurance Benefits

CHICAGO - September 9, 2013. Illinois Department of Insurance (DOI) Director Andrew Boron today announced an agreement with Transamerica 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, Transamerica will pay \$11.2 million dollars to states that are a party to the settlement.

This settlement with Transamerica 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. Illinois led the examination, along with California, Florida, Iowa, New Hampshire, North Dakota, Pennsylvania, and Vermont.

Under the agreement, Transamerica 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, life insurers writing almost half of all such insurance in the country have stepped forward to use the DMF in the same fair way for all their business in order to locate beneficiaries and to pay claims rightly owed, not just to terminate the payment of benefits” said DOI Director Boron. “Illinois will continue to aggressively investigate insurance companies’ failure to timely make payments to 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 seven 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 45% of the market and the resolutions demonstrate that there is a sea change in the industry to properly and fairly use the DMF.

A copy of the Transamerica 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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