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NEWS

Illinois Department of Insurance

FOR IMMEDIATE RELEASE:
February 2, 2012

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State Announces Multi-Agency, Multi-Million Dollar Agreement with Prudential for Life Claims Settlements

Prudential to Overhaul Escheat Practices for Hard-to-Locate Beneficiaries

SPRINGFIELD—February 2, 2012. Illinois Insurance Director Andrew Boron today announced a multi-state, multi-million dollar settlement agreement with Prudential Insurance Company of America and its affiliates (Prudential) to improve the process of identifying life insurance beneficiaries. Through this agreement, Prudential will invest resources into efforts to locate beneficiaries who have not received life insurance policies they are entitled to after an insured individual has died.

Life insurance companies can find out that an insured individual has passed away by comparing policyholder records to the Social Security Administration's records. Some companies have used this information to discontinue consumer annuity payments, but have not used this same information to make life insurance payments to beneficiaries.

"Many Illinois families depend on the financial security of life insurance following the passing of a loved one," Governor Pat Quinn said. "This agreement reassures families that they can depend on this benefit when it is needed the most."

For several years, Prudential has used Social Security data to make life insurance payments when it discovers an annuity holder has died or, when it has a precise match to a name, a social security number and a date of birth. Under this agreement, Prudential has committed to building a system that will utilize all data, from the Social Security Administration and any other sources, to locate beneficiaries. If the beneficiary cannot be located, Prudential has agreed to turn the money over to State unclaimed property officials (in Illinois, the Illinois Treasurer). The Illinois treasurer's office will then utilize their websites to help consumers receive the life insurance money.

The agreement specifically requires Prudential to:

- Overhaul its computer system and revise its business practices to better utilize available information to identify life insurance beneficiaries.
- Pay a national \$17 million settlement payment.
- Return monies promptly to beneficiaries when located through revised search efforts.

- Report to the Illinois Treasurer and to other state unclaimed property officials in accordance with state laws if a beneficiary cannot be identified,
- Provide quarterly reports for the next three years to the Illinois Department of Insurance and the Illinois Treasurer's Office on the results of its efforts to find beneficiaries and pay claims.

The lead investigatory states were California, Florida, Illinois, Pennsylvania, New Hampshire, New Jersey, and North Dakota. All of these states have signed the agreement. For the agreement to become effective, a total of at least 20 states need to sign. States have until March 31, 2012, to sign the agreement to become eligible to receive their share of the settlement payment. More information about this settlement at the Department's website: www.insurance.illinois.gov

"I appreciate Prudential's willingness to work with our Department and my colleagues in other states to improve its claim management processes," said Director Boron. "With the support of Attorney General Madigan and Treasurer Rutherford, we have greatly improved the performance of life insurers in Illinois."

About the Illinois Department of Insurance

The Department's mission is to protect consumers by providing assistance and information, by efficiently regulating the insurance industry's market behavior and financial solvency, and by fostering a competitive insurance marketplace.

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