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## GUIDE FOR LIFE INSURANCE CLAIMS<sup>©</sup>

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While most of us hope that a life insurance claim arising from the death of a loved one will be a simple and hassle free process, the fact is some life insurance claims are initially denied. These denials can be for many reasons. Some times the reasons for such a denial are legitimate, but many times they are wrong.



This guide will help you with some basic information about life insurance claims and then offers ten tips for locating life insurance policies and benefits. Then it reviews common reasons why life insurance claims are initially denied and concludes with important information for claimants if the claim is denied.

### I. THE FIRST STEP

**Notify the Company of the Claim.** While this is a very basic step it can be a little difficult if the policy is older. Mergers and acquisitions of life insurance companies can make locating the correct successor or remainder company a little difficult. However, internet searches can usually help you quickly identify the correct company name and location for claim notification. Also, many life insurance agents or attorneys who handle life insurance claims have this information available or access to the correct resources to help identify where and how the claim should be submitted.

**What You Need to Do.** Once you've contacted the company you must complete the claim form. Many of these claim forms can now be downloaded from the company's web site. At the very least you will have to submit a copy of the death certificate and the company may require additional records related to the claim. Always reference the claim number or policy number (or both) on all documents or material submitted. Until the claim is paid in full: Keep copies of all correspondence and documents sent to the life insurance company. Keep all letters and material sent from the life insurance company. If a claim is denied, make sure you understand and comply with the requirements for an appeal. (IMPORTANT: Please make sure to read more about appealing a denial below.)

## II. TEN TIPS FOR LOCATING LIFE INSURANCE POLICIES & BENEFITS

**Locating Additional Policies.** It's a fact, many life insurance benefits go unclaimed because beneficiaries do not realize a policy exists. Below are some tips for locating additional life insurance policies.

1. Review the decedent's check book or bank statements looking for premium payments,
2. Review the decedent's tax returns for the last several years to see if interest or cash dividends from a life insurance policy were listed. There should be a corresponding 1099-INT from the life insurance company. These payments will be reported directly on form 1040, 1040A and 1040EZ or on Schedule B if an itemized tax return was filed,
3. Contact the decedent's employer and/or former employers to see if any type of life insurance was offered through the company's group benefit programs and if the decedent purchased a life insurance policy or was provided a life insurance policy through employment,
4. Review all disability policies for the decedent to see if death benefits are also provided,
5. Review any known life insurance policy to see if additional benefits such as double indemnity for accidental death may apply,
6. Check with the decedent's auto insurance company or homeowner insurance company. Many of these companies will also offer life insurance policies for their customers,
7. Check with the decedent's bank or financial institutions to see if life insurance benefits or policies were offered in connection with a checking or savings account or in connection with a brokerage account,
8. If the decedent's death was accidental and in conjunction with travel or a trip, check with the credit card company to see if it offered accidental death benefits for travel or trips paid for with the credit card.
9. Check with any Union, Trade Organization or Professional Association the decedent may have belonged to to see if they offered life insurance benefits to members and if the decedent had purchased a policy through the organization,
10. Use a policy search internet site. There are several internet sites that, for a fee, offer to search for life insurance policies.

## III. DENIAL OF BENEFITS AND APPEALS

**Standard life insurance claim denials.** Many times if a basic life insurance claim is denied, it is done so based upon a process known as "retroactive underwriting." This is a claim investigation technique that allows the insurance company to more fully and completely examine the deceased's prior medical history. These prior medical records are reviewed thoroughly to see if the deceased left out or failed to disclose a pre-existing medical condition when completing the life insurance application. This "failure to disclose" is then used as grounds to deny the life insurance benefits. However, most claimants are not aware that such a denial must have materially affected the underwriting risk associated with issuing the policy. Simply put, the company must be able to legitimately argue that "but for" the undisclosed prior medical condition, the policy would not have been issued or the rates for the policy would have been significantly different. The issue of "material risk" is a complex issue that is often legally debatable.

**Accidental death or double indemnity benefits.** Some companies issue stand alone accidental death life insurance policies or some standard life insurance policies have a “double indemnity clause” which pays twice the face value of the policy if the death is caused by an accident. Yet the policy language concerning the term “accidental death” is often drafted so vaguely that it gives the company lots of “wobble” room to initially deny accidental death benefits. Terms like “sole and only proximate cause of death” often involve complex medical and legal analysis but give the company a very legalistic sounding excuse not to pay.

**BEFORE YOU FILE AN APPEAL OF A DENIAL.** If you have questions about the denial of any life insurance benefits, make sure you fully understand your rights and obligations under the policy. Most life insurance policies allow claimants to file an appeal of the decision to deny benefits. Yet many times claimants are unaware of the potential consequences of simply “appealing” the denial. Generally, once a company has denied the life insurance claim, the claimant has the burden of identifying specific reasons for the appeal and providing supporting documents or records to support the appeal. If the life insurance policy in question has been provided through the decedent’s employment or through a group plan, the failure to comply with the appeal requirements can be extremely detrimental. In one recent example a Federal Court determined that the claimant’s failure to submit any “new evidence” during the appeal process provided for in the plan, precluded the claimant from presenting that new evidence at trial. [See [Hancock v. MetLife, 590 F.3d 1141 \(10<sup>th</sup> Circuit 2009\)](#).]

**NOTE:** If the claim is denied consider consulting immediately with an experienced life insurance claims attorney in your State. Note: Most attorneys who handle life insurance claims for beneficiaries do not charge for a consultation and work on a contingency fee (no benefits = no fees). Also, many times an experienced attorney can help resolve a denied claim before having to resort to filing a lawsuit.

## IV. CONCLUSION

While life insurance claims should be simple and easy, they can often times become arduous and legally complex. The simple fact is insurance companies do not like to pay claims and have tremendous resources to fight claims. With many claimants of life insurance benefits in a state of grief and mourning, the insurance company knows it has the upper hand and this often results in the wrongful denial of life insurance benefits. If you believe your claim for life insurance benefits has been wrongfully denied, please consider consulting with an experienced attorney who knows and understands this area of the law.

**Note from the author: If you are reviewing this publication or link during a time of loss, please accept my condolences and sympathy for your loss. I pray that you find comfort and understanding for your loss and that the passage of time will replace the sorrow of your loss with the joy and blessing of the memories of the time shared together.**

**DISCLAIMER:** This legal guide is written primarily to help insurance claimants in the State of Alabama. Any reference to legal standards contained herein are based upon the laws and regulations of Alabama. Readers are reminded insurance laws and regulations vary greatly from State to State and the information contained herein is subject to change based on case law, statutory changes or judicial interpretation. All material herein is protected by State and Federal copyright laws and reproduction of this material for monetary gain is strictly prohibited. BF&W does authorize reproduction *in exemplum omnis* for educational purposes only; that is, readers can copy the entire publication and share it with someone who may find it beneficial but can not copy and share only selected portions. © 2011.

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