



OFFICE OF ILLINOIS STATE TREASURER

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Treasurer Frerichs Drops Lawsuit as Kemper Agrees to Audits to Find Unpaid Life Insurance Policies

264,000 Kemper policies to be examined by Treasurer's auditors

SPRINGFIELD – Three life insurance companies have reversed course and agreed to allow auditors to examine their records to identify death benefits that should have been paid to families whose loved ones died years ago, Illinois State Treasurer Michael Frerichs said today. Auditors working on behalf of Frerichs' office will examine approximately 264,000 policies as part of their unclaimed property examination of the Kemper companies.

The Chicago-based Kemper companies sued Frerichs and the treasurer's office in 2015 to block the audits. In early 2016 Frerichs filed a counter-claim against the Kemper companies asking the court to hold that the Illinois State Treasurer has the legal authority to conduct the audits.

In September 2016 Kemper's new President and CEO announced that Kemper's Life & Health Division was changing its life insurance claims procedures, including beginning to cross-reference its life insurance policies against the Social Security Death Master File (DMF).

After extensive out-of-court discussions, Frerichs and Kemper have agreed to end the litigation.

"I am encouraged that Kemper has reversed its previous opposition," Frerichs said. "Life insurance companies representing more than 80 percent of the market have agreed to proceed with unclaimed property examinations."

Between 2011 and 2015, the state treasurer's office used audits to identify more than \$550 million in unpaid life insurance benefits in Illinois. Nationally, the amount of unpaid death benefits during that time is estimated by the Wall Street Journal to have been more than \$7.4 billion.

Unpaid death benefits are considered unclaimed property. In Illinois, unclaimed property is the responsibility of the state treasurer's office.

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United Insurance Company of America in Illinois, Reserve National Insurance Company in Oklahoma, and The Reliable Life Insurance Company of Missouri were the Kemper companies that filed the original lawsuit in Sangamon County, case no. 2015MR998.

Separately, Frerichs successfully championed legislation in 2016 and 2017 that now requires all life insurance companies doing business in Illinois to use the DMF to determine if a policy holder has died and the death benefits have not been paid.

Illinois holds unclaimed property forever until the items or funds are claimed by the owner or heirs. There is more than \$2 billion in unclaimed property such as life insurance benefits, forgotten bank accounts, and unclaimed rebate checks from retailers. Individuals can search a database for their name or the name of their business or non-profit at www.illinoistreasurer.gov/ICASH.

Frerichs' office never charges anyone to search the database or return unclaimed property.

About the Illinois Treasurer

The Illinois Treasurer is the state's chief investment officer and Frerichs is a Certified Public Finance Officer. He protects consumers by encouraging savings plans for college or trade school, increasing financial education among all ages, and removing barriers to a secure retirement. As the state's Chief Investment Officer, he actively manages approximately \$28 billion. The portfolio includes \$13 billion in state funds, \$10 billion in college savings plans and \$5 billion on behalf of local and state governments. The investment approach is cautious to ensure the preservation of capital and returns \$28 to the state for every \$1 spent in operations. The Treasurer's Office predates Illinois incorporation in 1818. Voters in 1848 chose to make it an elected office.

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