

Unimportant, but important



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Life insurance policies give individuals peace of mind, knowing that their family will be protected in the event of their death. The proceeds from a life insurance policy can be used to pay final expenses, maintain a standard of living for family members, pay for educational costs, charitable donations and much more. The knowledge that these payments will be made gives a person a sense of security for the future.

A life insurance policy is a legal contract between the policy owner (the person with all of the rights and responsibilities for the policy) and the insurance company. All of the benefits and responsibilities of

each party to the contract are spelled out in the contract. By completing an application for life insurance, the applicant is requesting the life insurance coverage. After the application has been accepted by the company and the first premium payment has been made, the policy will be sent to the policy owner.

As soon as the policy is issued, the policy owner should *read* the policy to make sure that they understand what the policy covers and what benefits are payable. If the policy owner has any questions about the policy, they should contact the company for an explanation. A policy owner should make sure that a beneficiary (the person to receive the death benefit proceeds) is designated on a life insurance policy. The insurance policy contract should be kept with all important documents in a secure location that is easily accessible. Also, the policy owner should inform family members about the policy and its location.

Once the life insurance policy is issued, however, it should not be forgotten. The policy owner should read and review the policy periodically. Changes to the policy can be made by the policy owner at any time prior to the insured's death. The policy owner may want to change the beneficiary on a policy due to life changes such as marriage, divorce, birth of a child, etc. A periodic review of the beneficiary throughout the lifetime of the insured person guarantees that the benefits of a policy are paid to the intended person(s).

Many times, people forget about their life insurance policies and fail to designate a new beneficiary(ies) upon the death of a previously designated beneficiary. This causes confusion and/or a delay in the payment of proceeds for a death claim. Also, forgetting to change a beneficiary due to

a life change, such as divorce, may result in an ex-spouse receiving the proceeds of a policy rather than a current spouse or children. Always make sure that a beneficiary is designated on a life insurance policy. The policy owner can also designate a contingent beneficiary(ies). This person(s) would be paid the proceeds of the life insurance policy should the primary beneficiary(ies) die before the insured.

Most life insurance policies are called "participating policies," which means that the policy earns a refund of the insurance company's divisible surplus, called a "dividend." Dividends are usually paid on the policy anniversary date of the life insurance policy. One option for the payment of a dividend is to receive a check each year. It is very important for the policy owner to keep the insurance company advised of their current address so that the dividend check is sent to the appropriate location.

Sometimes, the policy owner fails to cash the annual dividend check. These funds are due and payable to the policy owner. If the dividend check is not cashed after a certain period of time, by law the insurance company must turn the funds over to the state treasury where the policy owner resides.

Also, the death benefit proceeds of a life insurance policy may be required to be turned over to a state treasury. Funds are turned over to the state treasury if there is no designated beneficiary, the beneficiary(ies) are deceased, or if the insurance company is unable to find the decedent's next of kin.

As a fraternal benefit association, MBA makes every effort to ensure that all benefits from our policies are paid to the rightful policy owner or beneficiary rather than the state. However, at times we are forced to remit policy proceeds to different states. To claim proceeds that are turned over to a state, a person should visit the "abandoned/unclaimed property" website for any state in which they have resided. Most unclaimed proceeds information can be found listed by name and/or Social Security number.

Note: The Mutual Benefit Association will be revising its life insurance products. The revised products will be available Sept. 1. Further details will be provided in the September edition of *The Postal Record*.

Letter Carriers' Food Drive update

I'm proud to announce that the MBA staff and employees collected 138 pounds during the 2017 NALC Food Drive.