

Unclaimed property



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My article this month is about one of my least favorite duties as director of the Mutual Benefit Association. This duty is the reporting of unclaimed property to the various state treasury departments—funds belonging to policyholders who never cashed their checks from MBA. MBA, like all insurance companies, makes several attempts to contact policyholders about funds that are due to them before remitting the funds to the various state treasury departments. Most of our outstanding checks are dividend payments that are often small amounts, but some can be for several hundred dollars.

In addition, MBA matches death records provided by one of our vendors against our active policy files. This information provides us notice of when one of our policyholders has died, but it doesn't always help us find the beneficiary to whom the insurance proceeds should be paid. These insurance proceeds are often several thousand dollars and would best be remitted to the beneficiary who the policyholder has designated rather than remitted to the state.

As director of MBA, I have a legal and fiduciary duty to pay the funds that are due to our policyholders whenever possible and to minimize the amount of funds that we are required to remit to state treasury departments. Therefore, I'm going to highlight some of the actions that MBA takes to minimize its unclaimed property obligation and inform you of some of the things that you can do in your personal life to minimize the risk that funds that are due to you will be turned over to the state. It's important to note that not only does MBA perform its unclaimed property due diligence, but all insurance companies, banks and other financial institutions may be making similar attempts to contact their policyholders/payees about unclaimed funds.

What does MBA do to find policyholders who have unclaimed funds? We send several letters to the policyholder informing them of checks that have not cleared and how to receive a replacement check for the funds that they are due. We have traditionally had good luck with this method, but we don't always have a current address for the policyholder. In addition, when we have life insurance benefit payments, we use internet search software to locate the beneficiary we have on file or possible relatives of the beneficiary. This method works well, but sometimes there is difficulty with common names.

Things you should do:

- Cash any checks within 90 days of issuance or return them to MBA for reissue.
- Maintain contact with all of your financial institutions and inform them of any address changes or changes in ownership. Banks also have an unclaimed property obligation and will remit property to the state because of inactivity in the account. In addition, unpaid fees on safe-deposit boxes may lead to box contents being turned over to the state.
- Check statements from MBA or other financial institutions that require a response.
- Maintain copies of all important documents and make sure that family members know where they are kept.
- Periodically review your beneficiary designation for important papers. We are required to pay the beneficiary on file with MBA even if those individuals listed aren't important in your life today. We have paid more than one benefit payment to a divorced spouse because the policyholder's benefit designation was not up to date.

In addition to those items listed above, I also suggest that you check your state's unclaimed property website. Most states' websites are easy to navigate and normally have a location where you can search for unclaimed property that has been turned over to the state. I will periodically do an internet search of the states where I have lived to see whether there have been any funds remitted to the state that belong to me or a close family member.

Each state has procedures to claim unclaimed property that has been turned over to the state. It is often smartest to do those little things that will ensure that your hard-earned money isn't misplaced than to take those steps necessary to recover the funds from the states' treasury departments.

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