

TIL DEATH DO US PART

A standard view of business ethics says that businesses have a contractual responsibility to clients and a fiduciary responsibility to investors. For instance, insurance companies have an obligation to pay all claims filed by beneficiaries, but also to make a profit for investors. Clearly, these two obligations pull insurers in opposite directions: every dollar paid to a beneficiary takes a dollar from an investor. While beneficiaries of life insurance policies are typically not clients, they do reap the benefit when the insurer fulfills its contractual obligation. Insurers aren't required to pay if no one files a claim, so there is little incentive to devote resources to identifying, locating, and paying the beneficiaries of unclaimed life insurance policies. Preliminary investigations by state agencies in Florida and California have raised the question of whether some insurance companies have identified deceased policy holders to whom they may cut off retirement payments, while, at the same time and from the same state-supplied lists, have conveniently overlooked the same dead policy-holders who might have beneficiaries.

The existence of unclaimed insurance policies presents an opportunity for states. States treat such policies as unclaimed property: they publish the names of policyholders on unclaimed property lists, and, after a certain amount of time, whatever remains unclaimed reverts to the state.

In 2009, Verus Financial LLC, a small company in Waterbury, Connecticut, began approaching state governments, offering, for a cut of any take, to seek out insurance companies that failed to pay out on life insurance policies. As of May 2011, Verus had signed up 35 states as clients and was actively looking at over twenty companies.

The Verus website (verusfinancial.com, accessed on 20 May 2011) contains little more than a two-sentence statement of its purpose, short biographical sketches of management personnel, contact information for the public, a login for clients, and a contact email address for whistleblowers.