

Common Reasons for Denial of a Life Insurance Claim

Life insurance can provide necessary financial support for surviving loved ones or an estate planning tool. Most people who purchase life insurance presume their insurer will pay the full value of the policy to beneficiaries of the policy when the insured dies. Unfortunately, insurance companies deny a substantial number of life insurance claims, but the insurance company is not the final word on whether a beneficiary is entitled to receive benefits. A denial can be legally contested by the beneficiaries of the policy.

The motivation for denying life insurance benefits is simple. Insurance companies increase their profits by taking in more premiums that they pay out to policyholders and beneficiaries. Because of this basic fact about how insurance companies operate, companies that provide life insurance employ enormous staffs. This staff is comprised of a multitude of insurance defense attorneys and claims evaluators to develop plausible justifications to deny claims.

While there may be a legitimate basis for an insurer to deny a claim, many denials are based on insurance company mistakes or bad faith tactics. As a Miami based life insurance claims attorney, below I provide examples of common bad faith grounds for denying benefits under a life insurance policy.

Lapse in Payment: Insurance companies will routinely deny a claim if there has been a lapse in payment. However, the insurance company has a duty to provide notice on a timely

basis to the address indicated on the policy. If you sent your payment, the mistake might be a processing error by the insurance company. Sometimes policyholders make their premium payment to their agent who fails to forward the payment to the insurance company. If the insurance company has an established practice of accepting past due payments or the policy or state law provides a grace period, you might be able to contest a denial on this basis. If you know you have been late making a premium payment, you should seek prompt legal advice.

Denial During the Contestability Period: Life insurance companies have a much stronger position when they deny claims during the first two years of the policy period. This period of the policy term is referred to as the "Contestability Period". The insurance company will carefully scrutinize all information provided in the policy application during this period. Any discrepancy regarding weight, age, job history, pre-existing medical conditions and more might be used to rescind (cancel) the policy. If the insured dies during this period, the insurance company will routinely pour through the insured's medical records and other documents looking for a basis to deny the claim. If you are the beneficiary

under a policy and the decedent dies during the first two years of the coverage period, you should obtain legal advice before the insurance company starts its fishing expedition through the insured's medical records.

Lowball Settlements: Sometimes life insurance companies will engage in the unethical practice of offering a beneficiary less than the value of the benefits under the policy. The insurer might cite "irregularities" in the application or simply try to monopolize on the grief and financial pressure of the beneficiary. When a life insurance company tries to persuade a beneficiary to accept less than the benefits promised under a policy, an insurance claims attorney can evaluate the policy and protect the interest of the beneficiary.

Material Misrepresentation: The process of completing an insurance application should never involve estimates, guesses or subtle fudging of the facts. Life insurance companies will carefully review the application for errors, misstatements, or omissions that might be exploited to deny a claim and/or rescind the policy. Claims that an insured lied or omitted information can be the result of a question or response merely being ambiguous. The alleged error in the application also might not be material if the information would not have impacted the decision to provide the policy and would not have substantially affected the premium.

Denial of Accidental Death Benefits: Insurance companies often employ a strategy of paying the face value of the policy while denying the accidental death benefit. The question of

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what constitutes an accidental death can be complicated based on the language of the policy.

Columbus Day

Columbus Day is the celebration of the arrival of Christopher Columbus in the Americas on October 12, 1492. In the U.S., it is celebrated by all the states but for Hawaii, South Dakota and Alaska. Columbus Day occurs on the second Monday in October each year. In 1937, President Franklin D. Roosevelt declared October 12th every year as Columbus Day. In 1971, the official holiday was moved to the second Monday in October.

Happy Halloween!

The name Halloween comes from the longer name 'All Hallow's Eve', a day set aside to honor all the Saints of Christendom. Halloween is also a popular celebration with ties to the Celtic festival of Samhain, a celebration of the end of the harvest. In the U.S., this is a popular holiday for young and old and involves dressing up in costumes and going 'trick or treating'. It is celebrated every year on the 31st of October. According to the National Retail Federation, more than 70% of Americans actively celebrate Halloween and sales for costumes, decorations and candy was over \$8 billion in 2012. The Guinness Book of World Record holder for the heaviest pumpkin (the pumpkin is a popular symbol of Halloween) was attained in October 2011 with a pumpkin weighing in at 1,818 lbs. 5 oz.



Don't quit on your claim just because your insurance company quit on you!



J.P. has built his entire career on protecting the rights of insurance policyholders, personal injury and wrongful death victims and fighting for the rights of Florida consumers and small businesses. Prior to attending law school, J.P. worked as a claims adjuster for a busy independent adjusting firm in Miami where he handled hundreds of claims. Before launching his own law practice in 1994, J.P. worked for a prominent insurance defense firm in Miami. He now uses the insight that he gained working for the insurance industry for the benefit of his clients. J.P. has recovered millions of dollars for victims of denied or underpaid insurance claims, victims of catastrophic personal injuries and wrongful death and on behalf of those that have been taken advantage of by Big Business and Big Insurance. In Miami-Dade County call J.P. at (305) 461-1095 or toll free at (866) 71-CLAIM or fill out the short online contact form at www.YourAttorneys.com.