



To: All Life Insurers Writing Individual and Group Life Coverage in North Carolina
From: Commissioner Mike Causey, North Carolina Department of Insurance
Date: May 18, 2020
Subject: Delay in Claim Payment for Death Certificate with Pending Cause of Death

The Department of Insurance has received a request for assistance from the North Carolina Office of the Chief Medical Examiner with inquiries they receive regarding life insurance companies that may unnecessarily be delaying payment on life insurance claims. The delay appears to be related to death certificates with a cause of death documented as “pending.” The purpose of this advisory is to remind insurers of their obligation to pay death benefits as required by law.

In North Carolina, medical examiners have jurisdiction over certain deaths of persons, including but not limited to: deaths resulting from violence, poisoning, accident, suicide, or homicide; deaths occurring suddenly when the deceased had been in apparent good health or when unattended by a physician; and deaths occurring under any suspicious, unusual or unnatural circumstance. *See* N.C. Gen. Stat. § 130A-383(a) (complete list of deaths over which medical examiners have jurisdiction). If a medical examiner accepts jurisdiction over the death of a person, he or she will investigate the circumstances surrounding the death and perform an examination of the body, which may include an autopsy, before issuing a report regarding the cause of death. *See* N.C. Gen. Stat. § 130A-385.

Medical examiners are still responsible for filing a death certificate within five days after the death and making a medical certification as to the cause of death no more than three days after death. *See* N.C. Gen. Stat. § 130A-115. However, medical examiners “may, in appropriate cases, designate the cause of death as unknown pending autopsy or upon some other reasonable cause for delay, but shall send supplementary information to the local registrar as soon as it is obtained.” *Id.* In those cases, the manner and cause of death would be certified as “pending” on the death certificate and a supplemental death certificate would be issued later.

After a life insurance policy has been in force for two years, an insurer’s ability to contest the validity of the policy is limited. North Carolina laws (N.C. Gen. Stat. §§ 58-58-22, 58-58-23 and 58-58-140) stipulate that the validity of an individual or group life policy shall not be contested, except for non-payment of premium, once it has been in force for two years after its date of issue; and that no statement made by any person insured under the policy about that person’s insurability shall be used during the person’s lifetime to contest the validity of the policy after the insurance has been in force for two years.

Pursuant to N.C. Gen. Stat. § 58-58-110, for any policy issued after August 14, 1977:

- (a) Each insurer admitted to transact insurance in this State which, without the written consent of the beneficiary, fails or refuses to pay the death proceeds or death benefits in accordance with the terms of any policy providing a death benefit

issued by it in this State, within 30 days after receipt of satisfactory proof of loss because of the death, whether accidental or otherwise, of the insured shall pay interest, at a rate not less than the then current rate of interest on death proceeds left on deposit with the insurer computed from the date of the insured's death, on any moneys payable and unpaid after the expiration of the 30-day period. As used in this subsection, the phrase "satisfactory proof of loss because of the death" includes, but is not limited to a certified copy of the death certificate; or a written statement by the attending physician at the time of death that contains the following information (i) the name and address of the licensed physician who must be duly licensed to practice medicine the United States; (ii) the name of the deceased; (iii) the date, time and place of the death; and (iv) the immediate cause of the death.

....

(c) This section does not allow an insurer to withhold payment of money payable under any policy providing a death benefit to any beneficiary for a period longer than reasonably necessary to determine whether benefits are payable and to transmit the payment.

N.C. Gen. Stat § 58-58-110 (emphasis added). The Department understands that there are limited situations where an insurer needs to know the cause of death to pay benefits associated with life and accidental death insurance plans. However, for claims that are known liabilities and not dependent on knowing a final cause of death, benefits should be paid to the appropriate beneficiary without undue delay, even if it is a partial payment of the total policy potential.

This advisory does not modify or change insurers' responsibilities under N.C. Gen. Stat. § 58-58-97 or insurers' opportunity to receive a valid assignment of benefits from a qualified beneficiary for payment of life insurance benefits directly to a funeral home.

The Department strongly encourages companies, when possible, to accept a death certificate issued by a Medical Examiner with a "pending" cause of death as sufficient proof of loss to facilitate prompt and fair claim settlement particularly when the insurance policy proceeds, or portions thereof are not contestable. Companies are encouraged to review their claims processes to ensure that benefit payments are not being incorrectly delayed in these circumstances. If a company has questions about when the cause of death is listed as "pending," it can contact the North Carolina Office of the Chief Medical Examiner. Compliance with this advisory will relieve the North Carolina Office of the Chief Medical Examiner of a significant consumer response burden and better serve North Carolinians.

If you have any questions, please feel free to contact the Life and Health Division.

Please email your questions or concerns to: LHinbox@ncdoi.gov.