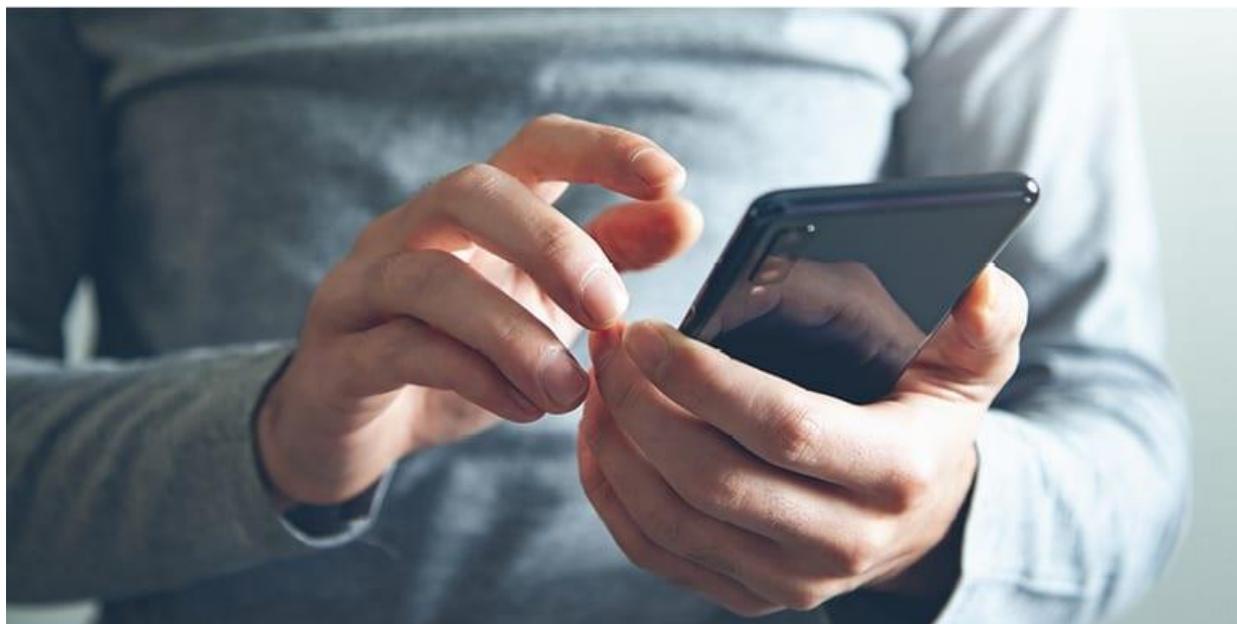


What Happens When You File a Life Insurance Claim



As the beneficiary of someone's life insurance policy, you understand that at some point, you may have to file a claim. Navy Mutual understands that it can be difficult to take action while you are mourning the loss of someone that you love and our Claims and Beneficiary Services representatives are here to provide a sympathetic ear, help you submit documentation, and get your claim processed as smoothly as possible.

The process of filing a life insurance claim is simple.

First, contact the insurance company that issued the policy. Their representatives will be able to provide you with a claims form and directions for how to proceed. Typically, you will need to submit a completed claims form and the certified death certificate to start the claims process.

The company will verify your identity to make sure that you are a beneficiary of the insured's policy. This involves asking for your name, date of birth, and Social Security number. You may have to provide proof of your identity to the company. Additional steps may be required if you live outside of the U.S. or are not a citizen. The insurance company will also make sure the policy is still active and that the policy owner hasn't lapsed on any payments and that the term has not expired. If the policy is no longer active, the company will not pay out a death benefit.

Note: If there are two or more beneficiaries, only one certified death certificate is needed. However, each beneficiary will need to be in contact with the insurance company to initiate their claim, as the benefits due to each beneficiary can be different depending on the designations put in place by the policy owner.

Once you initiate the claims process, the insurance company may make part of the death benefit immediately available. Even if this is not a possibility, most claims are paid out within 30–60 days provided that the insurance company has received all required documentation.



Note: Upon notification of the insured's death, Navy Mutual may release 10% of the death benefit up to \$10,000 for immediate use.

There are two exceptions, however. Most insurance companies have what is called a *contestability period*. This is a two-year period from the policy's issue date during which the insurance company can contest paying the death benefit. If the insured dies within two years of the issue date, the insurance company can start an investigation into the insured's death. This is to ensure that the policy owner did not provide false information on the application (e.g., stating that the insured was not a scuba diver only to have them pass away in a scuba diving accident). Insurance companies also often have a two-year suicide clause, meaning that if the insured commits suicide within two years of the policy's initiation, the insurer is not required to pay out the death benefit.

Unless previously specified by the policy owner, during the claims process, you, as the beneficiary, can choose how you want to receive the death benefit. At Navy Mutual, beneficiaries typically have four options:

- **Lump-sum payment:** Full or partial payment of the death benefit will be distributed to the beneficiary by electronic funds transfer (EFT) or check.
- **Fixed payments:** The beneficiary can choose to have funds distributed as monthly payments over 1–30 years. A lump-sum distribution can be requested at any time as long as the remaining balance is above \$10,000.
- **Quarterly interest payments:** The death benefit is held by Navy Mutual, and any interest accumulated on that death benefit will be distributed to the beneficiary each quarter. A lump-sum distribution can be requested at any time as long as the remaining balance is above \$10,000.
- **Life payments:** The beneficiary may elect to convert the death benefit into monthly income for life with a guaranteed "Period Certain" of 0, 5, 10, 15, or 20 years. With this option, the beneficiary will receive payments for life, but if they pass away before the end of the Period Certain, payments will continue to a second beneficiary until the Period Certain is completed. This is an irrevocable option.

Note: Fixed payments, quarterly interest payments, and life payments require a minimum benefit amount of \$20,000.

One of the most powerful benefits of life insurance is that the benefit typically passes to the beneficiary tax-free. Interest can also be payable to the beneficiary to cover the period of time between the date of the death and when the beneficiary makes an election on how they wish to receive their benefit. Note that while the death benefit is typically paid out tax-free, any interest earned does count as taxable income.

If you know that you are a beneficiary of a loved one's insurance policy, ask them for relevant information now. It would be useful for you to know the name of their insurance carrier, their policy number, and the insurer's contact information. While not wholly necessary, having a copy of the policy may make the claims process easier. Having a conversation with the policy owner while they are still alive can also give you insight into what they wish to happen with the death benefit, whether it is to be used to pay off a mortgage or cover the costs of higher education for a child or grandchild.

While filing a claim is emotionally taxing, the two things you can do to ensure that the process goes smoothly are 1) have a conversation with the policy owner **now** about what the future holds and how



they want you to use the proceeds and 2) gather your documents before making a call. Our representatives will handle the rest for you.

Note: If the deceased is a veteran, benefits may be available to eligible surviving family members. A VSO representative can guide family members in making those determinations. Contact our Veteran Services teams to speak with a Navy Mutual VSO representative; they can be reached by email at VSO@navymutual.org or phone at **888-298-4442**.

Navy Mutual is a nonprofit company, established in 1879 to provide life insurance and annuities to members of the military and their families. As the nation's oldest federally recognized Veterans Service Organization, we are committed to protecting those who defend us, and when the time comes, we provide unparalleled beneficiary services to those who have lost a loved one. We promise you will only have one call to make. To speak with one of our life insurance experts or customer service representatives, call **800-628-6011**.