Golden Bullets

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WORTH MORE DEAD THAN ALIVE:

THINGS TO CONSIDER

A life insurance contract's ability to provide a substantial and liquid source of cash at the insured's death can solve plenty of financial problems faced by the policy's beneficiary.

The increase in a policy's value at the insured's death creates potential problems for insurance companies. Insurance companies must deal with the possibility that someone could be more valuable financially when dead than when alive. That's why the underwriters are careful to make sure the amount of coverage is reasonable based on the circumstances.

Movies such as *Double Indemnity* have centered on the premise that a life policy beneficiary or estate heir could be financially motivated to murder. The idea for such movies is drawn right out of everyday life and newspaper headlines.

Nearly every state has decided that it would be unfair to let a beneficiary who caused the insured's death profit from a life policy. They have implemented laws to prevent a person who causes an insured's death from profiting as beneficiary of the insured's insurance policy. Such laws are commonly referred to as ***slayer statutes***.

Do people murder for financial gain in real life? Unfortunately yes. The cases below have elements that could easily have made up a movie plot. In fact, the first one was made into a movie:

1. ***Scott Peterson*** was the named beneficiary of a $250,000 life policy insuring his wife Laci's life. Mr. Peterson was found guilty of the first degree murder of Mrs. Peterson and their unborn child. A California court decided that California law prevented Scott from receiving the life insurance policy, and directed the proceeds to be paid to Laci's estate.

2. In June of 2008 ***Jack Cole*** suffered a severe manic episode and he beat and stabbed his mother, Jane Cole to death. In November of 2008 Jack was found not guilty of the first degree murder of his mother by reason of insanity. Jack argued, based on the not guilty finding, that he was entitled to the death benefit from the insurance policy on his mother's life. The court disagreed, saying Illinois law prevented Jack from collecting.

3. In November of 2009, Adolfo Suarez was found shot to death in his home. Suarez's widow, ***Luz Ballesteros-Suarez***, made claims for the proceeds from two term life insurance policies on Suarez's life. A police officer testified that according to the evidence he believed that Mrs. Suarez was involved with her husband's death, believing that either she or her son pulled the trigger. This, combined with other facts, convinced the court that Arizona law should prevent Mrs. Suarez from collecting her husband's life insurance death benefit.

In these cases, the murder triggering the court proceeding was between spouses or other close family members. Where the emotional bond between the insured and the beneficiary is weak, the circumstances arguably increase the temptation for the beneficiary to pursue conduct that increases the possibility of a death claim. While the slayer statutes may ultimately prevent a murderer from collecting life insurance proceeds, that fact is of little comfort to the person murdered and her innocent family members.

We work with our clients to make sure that the amount of insurance protection on their lives is the precise amount needed to protect against the unexpected. We also help them make sure they have named the right beneficiaries for their life insurance and other financial products.

Do you have questions about the amount of your life insurance coverage? Are you interested in making sure your beneficiary designations are correct? Please give us a call.

AS ALWAYS, PLEASE FEEL FREE TO CALL TO DISCUSS THESE OR OTHER FINANCIAL SECURITY ISSUES OF CONCERN.

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