COMPANY INSURANCE PAYOUT

No will, no money

If you die without a will, your family may lose out on any life insurance taken out by your company

▶ Leong Chan Teik

FOR many private-sector employees, the life insurance coverage that their employer takes out for them is the biggest insurance policy they have.

Junior and middle-level executives in some companies, for example, could be insured for several hundred thousand dollars.

If they die while still employed, their employer will become the beneficiary of the payout since it paid the in-

properly hand the money to her."

Another employer, OCBC Bank, also says it will not hand over insurance payouts to family members of employees until letters of administration are produced. If employees die with a will, the bank will hand the money to the executor of the will only — that is, the person named by the deceased to handle his financial affairs when he dies.

"No, there have not been exceptions made to this policy," says Ms Jacinta Low, the bank's vice-president for human resources.

Obtaining the letters of administration takes time — usually at least a couple of months.

The process could take longer if the case is complicated or if relatives delay in applying for the document.

"In some cases, it takes years be-

their clients to write a will.

The grant of probate states who the executor of the estate is.

Since most people don't have wills, the reader asks if an employer can avoid this legal rigmarole by asking its employees to state in writing to whom they wish the potential insurance payouts to be made.

But Mr Jeremiah says: "The only valid way to dispose of your assets on death is by a will. Exceptions are very specific nomination provisions under the Central Provident Fund (CPF) Act and the Cooperative Societies Act."

An example of an exceptional case: You can nominate someone to receive specifically your CPF savings after you die.

Mr Leong agrees: "You can't have 10 assets and go to 10 parties holding

money if it later discovers that t spouse (or whoever received the m ey) is not entitled to the money, or entitled to the full amount paid out

That happens when, for example comes to light that the employee ha will and wished for all his estate to given to his parents and his childr says Mr Jeremiah.

Mr Leong says if an employer pa out to the "wrong person", it is lia to pay again — this time to the right beneficiary.

New law will ease process

THERE is less constraint on payo when it comes to life policies boug by individuals themselves.

Even in the absence of letters of a ministration, an insurer can pay out