

## What happens to a life insurance claim when foul play is involved?

By: Kathryn Hawkins, InsuranceQuotes.com

Nearly half of American adults own life insurance policies, and in most cases, claiming a death benefit is straightforward for the beneficiary. In rare cases, though, the death is suspicious and warrants further investigation.

Most people who buy life insurance consider it a good way to ensure their family members will be able to pay off debts and maintain a decent standard of life once the policyholder has died. Businesses also sometimes buy policies for high-level employees, known as “key man” insurance, with the business itself often being the beneficiary. Business partners also will take out policies on each another to protect the business’ assets.

Death benefits for both individual and business policies often are substantial. A typical payout for a working adult may be anywhere from \$250,000 to millions of dollars. But when would-be beneficiaries run into financial trouble, greed can get the better of them and lead them to crime.

While the majority of beneficiary claims are honest, sometimes a death or disappearance happens solely because of the beneficiary’s desire to collect the policyholder’s death benefits.

Here’s a look at how it happens, and what life insurance companies do about it.

### **Foul play for profit**

“People kill family members and business associates for life insurance payouts more often than you’d think,” says Jim Quiggle, a spokesman for the nonprofit **Coalition Against Insurance Fraud**. “The lure of huge payments that can give you a cushy retirement can be very appealing to people with criminal instincts or simple greed.”

Although there’s no hard data available on how many people kill for life insurance — particularly as some of the killers aren’t caught — a large number of “true crime” cases cite insurance payouts as a prime motivator for foul play.

In 2011, Susan Hendricks of South Carolina was indicted on four counts of murder for the shooting deaths of her ex-husband, two sons and stepmother. Local prosecutor Walt Wilkins said it appeared her motive was life insurance money; Hendricks was listed as the life insurance beneficiary for all four of the victims. The amount in question was not reported, but Wilkins told TV station WSPA that it was “significant.”

In February 2012, Seattle laser eye surgeon Dr. Michael Mockovak was convicted in a plot to kill former business partner Joseph King. After Mockavak and King couldn’t agree on how to

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**Coalition Against  
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split their business, Mockavak allegedly recruited an employee to help him hire a hit man to kill King. Mockavak could have collected \$2.5 million of the \$5 million in benefits from King’s policy.

In some cases, people with criminal intent will buy policies for others, listing themselves as beneficiaries solely so they’ll be able to cash out after killing the policyholder. In what’s been called the “Black Widow Murders,” two Southern California women, Helen Golay and Olga Rutterschmidt, were convicted in 2008 of killing two homeless men, staging the deaths to look like hit-and-runs. The women had taken out a total of eight life insurance policies on the murder victims, entitling them to more than \$2 million in combined death benefits.

### **Missing-person insurance fraud**

Sometimes, a beneficiary will collect payment even if the policyholder’s body can’t be found. In rarer instances, the missing person isn’t dead at all; he or she is part of a scam.

Barry Zalma, a lawyer and expert witness specializing in insurance fraud, says that a number of scam artists tried to claim death benefits in New York City after the 9/11 terrorist attacks. Generally, they didn’t get away with it. “The claims investigator would go to the policyholder’s door and meet the person,” Zalma says.