

Life Insurer Has No Duty to Investigate Forged Policy Change Form

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The Georgia Court of Appeals affirmed summary judgment for the insurer where it paid a death benefit to the person whose name appeared on a change form, notwithstanding suggestions of fraud.

Upon the insured's death, the insurer paid death benefits to his wife per the insured's policy. The insured's granddaughter was initially the designated beneficiary, until the insured's wife submitted a policy owner and beneficiary change form a month before the insured's death. A year later, the insured's granddaughter sued the company, disputing entitlement and alleging that her signature on the form was forged, although she never responded to the insurer's notification that her signature was required on the change form.

The trial court granted summary judgment in favor of the insurer and the granddaughter appealed.

The core of this case involved a Georgia statute requiring a life insurer to pay life insurance or annuity proceeds to the person "then designated" in the policy or contract. The statute fully discharges the insurer from all claims under the policy or contract unless, before payment is made, the insurer receives written notice by or on behalf of some other person entitled to payment under the policy.

The granddaughter argued that this statute did not preclude her claims because the benefit was not paid to the person "then designated" in the policy, as the alleged forged change of policy form was void. She never disputed that the form was executed before the insured's death.

The Georgia Court of Appeals relied on an Alabama Supreme Court decision as sound, persuasive, and in accord with the interpretation of a nearly identical statute. That case concluded that under

their similar statute, whenever an event triggers the insurer's duty to pay and payment is made to the person whose name appears on the face of the policy or any change to the policy in regular form as the proper beneficiary, payment has been made per the terms of the policy. The purpose of that statute is to protect an insurer that pays a benefit to one then designated as the beneficiary against a subsequent claim by one actually possessing a superior right to the benefits.

The Georgia Court of Appeals affirmed the lower court's ruling. The court reasoned that the granddaughter did not provide the required statutory notice to the insurer that she had a competing claim before payment. Likewise, because Georgia law does not impose a duty on the insurer to investigate and determine if a person fraudulently completes and submits a change form, it paid the person appearing on the face of the change of policy form — the insured's wife — and was therefore discharged from liability under the statute.

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