

# Suicide and Life Insurance



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Dealing with a life insurance policy after losing a loved one to suicide can be frustrating. Often families find that it is difficult to collect the death benefit. Minnesota has a law to address this issue. This fact sheet provides you with important information about Minnesota's law governing life insurance policies.

## **What is the suicide clause?**

Most life insurance policies have what is called a "suicide clause." This is a time period when death benefits under a life insurance policy will not be paid out due to a suicide. It is typically two years. When a policy is updated with the same company, the clock starts all over again. If the suicide occurs after two years, then the insurance company has to pay out the death benefits.

## **What is a contestable clause?**

When applying for life insurance there are often questions about pre-existing conditions related to your health and mental health. If a person does not disclose information or provides misinformation, the insurance company can contest paying out the death benefits, but it must be within two years of the death.

It's important to note that the person must be up-to-date in paying for the premiums and not have let the insurance lapse. Insurers must have a grace period in place. This means a policy isn't terminated immediately if the person doesn't pay the premium. The insurance company must allow a certain number of days to pass before it is terminated.

## **Does having a mental illness impact payment of a death benefit?**

Having a mental illness alone does not mean that the insurance company does not have to pay out the death benefit. They don't have to pay only if information wasn't disclosed, there was misinformation, or if the suicide happened in the first two years of the policy going into effect.

## **Can we receive any money?**

While the insurance company won't pay death benefits if the suicide took place within those two years, they do have to give you the amount of premiums paid during that time. So, for example, if the policy was for \$100,000 they wouldn't have to pay out \$100,000. If your loved one paid \$100 a month towards the premium, they would have to pay \$100 times the number of months the premium was paid.

As with any insurance policy – always read the fine print. But if you have questions or complaints about life and annuity products you should contact the Commerce Department's Consumer Services Center by emailing [consumer.protection@state.mn.us](mailto:consumer.protection@state.mn.us) or by calling 651-539-1600 or 800-657-3602 (outside Twin Cities metro area). The law describing this information is in MN Statutes 61A.60 subdivision 2.