



Beneficiary Clause for Group Insurance Plans: Who are the Beneficiaries in the Event of Death?

► Overview

Who will be entitled to collect your group insurance proceeds in the event of your death? It all depends on the wording used to designate your beneficiaries. In a move to eliminate ambiguity and prevent inheritance disputes from arising, the Law of 13 January 2012 changed the way beneficiary clauses are interpreted.

As of 5 March 2014, "the legal heirs" designated as beneficiaries will automatically be interpreted to mean "the estate". Note that all "legal heirs" will be entitled to an equal share of the estate, regardless of the order of precedence given in the beneficiary clause.

If the pension plan regulations established by your employer or sponsor do not mention "the legal heirs" as the beneficiaries in the event of your death, the amended legislation will have no impact on your policy. No need for you to read any further!

► Beneficiary clause for group insurance plans

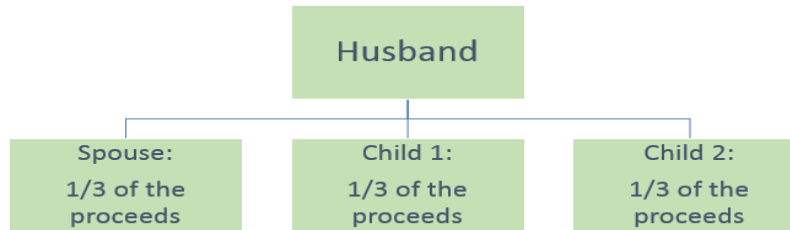
The pension plan regulations for your group insurance plan will specify the sequence of beneficiaries. These are the individuals who will be entitled to collect your insurance proceeds when you pass away. If permitted by the pension plan regulations, you may deviate from the standard order of precedence. Just make sure that the wording you use accurately reflects your intentions. Note that this option is also available to your employer or plan sponsor.

► The legal heirs = the estate as of 5 March 2014

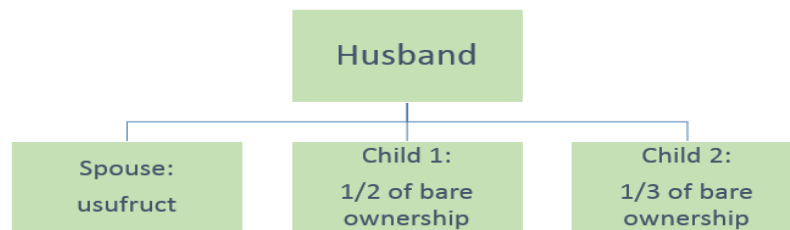
With the passing of the Law of 13 January 2012, a beneficiary clause that designates "the legal heirs" as the beneficiaries will be interpreted to mean "the estate". As stipulated in Article 110/1 of the Law on Non-Marine Insurance Contracts (hereinafter the "LNMIC"), if *"the legal heirs were designated as the beneficiaries without specifically listing them by name"*, then *"the insurance proceeds will be incorporated into the deceased policyholder's estate, unless proof of the contrary can be provided"*.

The wording you use to designate your beneficiaries can therefore have significant consequences:

- In a **"legal heirs" beneficiary clause**, only those entitled to inherit the deceased's estate by statutory law will collect the death benefit proceeds. All legal heirs will receive an equal share.



- In an **"estate" beneficiary clause**, the death benefit proceeds from the group insurance plan will be distributed in accordance with the statutory order of succession, i.e. the same rules that apply to all other assets in the decedent's estate. In this case, the death benefit proceeds will become part of the insured's estate, unless s/he has left a will stipulating otherwise. If there is a valid will, the death benefit proceeds will be distributed according to the provisions of the will (named inheritors, allocated percentages, etc.).



Sample case for clarification purposes

Marie has just lost her husband. They have no children. She has a nephew, Marcel, but they lost touch many years ago. Over the years, she has become very close friends with her neighbour, Louise. Marie has drawn up a will and has left all of her assets to Louise as the sole beneficiary.

Marie has a group insurance plan. The plan regulations stipulate that in the event of her death, the insurance proceeds will be payable to her spouse or, if none, to her children or, if none, to the legal heirs. This means that when Marie dies, the beneficiary will be her nephew Marcel, whereas in her will she clearly intended to leave her assets to her good friend and neighbour Louise.

Article 110/1 of the LNMIC was passed to prevent such misunderstandings from arising. The Article stipulates that if "the legal heirs" have been designated as the beneficiaries without specifically listing them by name, the death benefit proceeds will be incorporated into the "policyholder's estate". In other words, if there is a valid will, the decedent's wishes will be taken into account when distributing the insurance proceeds.

For additional sample cases, see the following brochures:

- [Beneficiary clauses](#): Do you know who will collect your proceeds when you pass away?
- [Assuralia brochure](#)

Overview of possible consequences

If your pension plan regulations allow you to change your beneficiary clause, you'll have to think about who you'd like to name as your beneficiaries. Most plan participants pick their spouse and/or their children or else they leave their assets to the estate. The table below shows that in most cases, no further action will be required of you.

The table below summarises the consequences of the amended legislation as well as the importance of the beneficiary clause wording:

Beneficiary named in the beneficiary clause	Impact and importance of the wording	Consequences of the amended legislation		
The estate	Death benefit proceeds distributed in accordance with the statutory order of succession , with adjustments based on a valid will where applicable	The amended legislation has no impact on your policy. No further action required.		
The legal heirs	Death benefit proceeds distributed amongst the statutory heirs, in equal shares, with no regard for the decedent's will	<p>If the pension plan commitment was established before 5 March 2012, the following distinction will apply:</p> <table border="0"> <tr> <td style="vertical-align: top;"> <p>Death prior to 5 March 2014: your legal heirs will collect the death benefit proceeds</p> </td> <td style="vertical-align: top;"> <p>Death after 5 March 2014: the death benefit proceeds will be incorporated into the estate, unless you modified the beneficiary clause to leave the money to your legal heirs</p> </td> </tr> </table> <p>If the pension plan commitment was established after 5 March 2012, the death benefit proceeds will automatically be incorporated into the estate.</p>	<p>Death prior to 5 March 2014: your legal heirs will collect the death benefit proceeds</p>	<p>Death after 5 March 2014: the death benefit proceeds will be incorporated into the estate, unless you modified the beneficiary clause to leave the money to your legal heirs</p>
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Other , e.g. the spouse or, if none, the children or, if none, the estate	Death benefit proceeds distributed to the named beneficiary(ies)	The amended legislation has no impact on your policy. No further action required.		

► Practical details

(1) You wish to keep the same order of precedence but leave the proceeds to your "legal heirs" and not to "the estate"

If you want your "legal heirs" designation to be interpreted as "legal heirs", you will need to send a signed written letter to AG Employee Benefits specifically stipulating that you do not want the amended legislation to apply to your policy. Be sure to include the following reference numbers (featured on your benefits statement):

- your employer or plan sponsor ID number
- your participant ID number
- your pension plan regulations number

A clause will be added to the regulations to waive the application of Article 110/1 of the LNMIC. This way, the death benefit proceeds will still revert to your legal heirs, not to the estate.

Address: **AG Employee Benefits,
53 boulevard Emile Jacqmain
B-1000 Brussels**

(2) You wish to change the order of precedence

If you wish to make changes to your sequence of beneficiaries, you can notify AG Employee Benefits via the "[Designation/Change of Beneficiary in the event of Death](#)" form. In the meantime, the order of precedence specified in the regulations or on your prior designation form will be applied. You will, of course, still be allowed to change the beneficiary clause after 5 March 2014. Note that this option is also available to your employer or plan sponsor.

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