



Court Enforces Life Insurance Beneficiary Change Using Electronic Signature Process

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In an unpublished opinion, *Julie Zulkiewski v American General Life Insurance Company v. Ronald S. Zulkiewski and Sharon Zulkiewski*, 2012 Mich. App. LEXIS 1086, the Court of Appeals of Michigan recently affirmed a summary judgment for American General Life Insurance Company (“American General”) and in favor of a beneficiary to a life insurance policy designated using an electronic signature process. This June 12, 2012, decision is significant because in it the court discusses many of the risks that may be causing insurance companies and others to delay implementing an electronic signature process.

In *Zulkiewski*, the policy owner used American General’s online electronic signature process to substitute his second wife for his mother as the primary beneficiary of a life insurance policy. After the policy owner’s death, his parents challenged the beneficiary change made through the online electronic signature process, claiming “American General has failed to present sufficient evidence concerning the security of the system used to process the beneficiary designation change request and [that there was a] lack of admissible evidence that decedent actually made the request[ed change].”

The evidence showed that American General’s online electronic signature process allowed a policy owner to access certain policy information and to complete certain transactions online, including changing beneficiaries, through use of an electronic signature. Prior to using the electronic signature process, the owner first had to register for the online service, which required the policy owner to enter a combination of information, such as his or her policy number, social security number, mother’s maiden name and e-mail address. Next, the policy owner was prompted to choose a password and verify it. After that, American General sent an e-mail to that policy owner confirming registration with the online service, requesting the policy owner to contact American General immediately if he or she did not in fact enroll in the online service. American General claimed that it also e-mailed the confirmation to the policy owner at the e-mail address provided in the application. American General also sent via e-mail a confirmation of the change in beneficiary to the policy owner.

The facts were undisputed that someone logged into the American General online system and changed the beneficiary to the policy owner’s second wife using an electronic signature. The prior beneficiary, the policy owner’s mother, claimed that American General failed to present sufficient



evidence concerning the security of the online process and that the policy owner actually made the requested change.

Notwithstanding the parents' objections, the trial court granted the second wife's motion of summary judgment against American General as well as granted American General's motion of summary judgment against the parents. Both of the motions granted were in favor of American General's online change of beneficiary process using electronic signatures. The Michigan Court of Appeals affirmed the trial court's decisions on summary judgments.

The Court applied Michigan's enactment of the Uniform Electronic Transactions Act ("UETA") to the change in beneficiary process used by American General. The Court found that American General met its burden of establishing that its electronic signature process satisfied the requirements of Michigan's enactment of UETA, and enforced the policy owner's electronic signature on the beneficiary change form. The Court rejected the prior beneficiary's claim that American General had the burden of proving the efficacy of the security with the online process or that the policy owner had not actually made the change.

The Court noted also that the new beneficiary provided unchallenged written testimony that she did not forge the deceased's signature to change the beneficiary and that the policy owner made the same beneficiary changes on other life insurance policies he owned.

This case and its enforcement of the beneficiary change will be instructive for insurance companies using or considering an online electronic signature process to allow policy owners to access certain account information and complete certain transactions online, including beneficiary changes.

For more information on the matters discussed in this *Locke Lord QuickStudy*, please contact the authors:

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