Mass. insurer offers $1 billion in free policies

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SPRINGFIELD, Mass. — Some low-income people with dependent children in four states -- including Massachusetts and Connecticut -- will start getting $1 billion worth of term life insurance policies – free.

They're coming from Springfield-based MassMutual Financial Group as part of a new program to help pay for the education of low-income children should their parents die.

The heads of two regional community organizations say the program appears to be unprecedented.

"To the best of my knowledge, (it's) the first time something like this has been done before," said James E. Willingham, Sr., president and CEO of the Urban League of Greater Hartford.

Added Gary McCarthy, executive director of the Boys and Girls Clubs in Springfield, Mass.:

"I think it's an amazing program, an amazing commitment by a company to show how important they feel about young people and their education."

Robert O'Connell, the MassMutual chairman, president and CEO, said in a written statement that the program is intended to give qualified participants "piece of mind that their children's educational future will be protected if a parent dies.

"That's why MassMutual developed (the program)," O'Connell said.

Company officials have named the program LifeBridge and will roll it out nationally in 2003.

The company plans to send out eligibility forms immediately to community organizations such as the Urban League, Boys and Girls Clubs of America, Habitat for Humanity, YMCA and YWCA and Big Brothers Big Sisters.

Individuals can participate if they're between ages 19 and 39 and are the legal guardian of one or more dependent children under age 18, the main financial provider in a household and eligible for the federal Earned Income Tax Credit.

They must also be employed steadily for two or more years and in good health according to MassMutual underwriting standards.

John Skar, MassMutual's senior vice president and chief actuary, says the policy is free to those eligible and added that the death benefits are exempt from federal income tax – typical of life insurance policies.

Benefits get paid out during the 10-year term of the policy if the insured parent dies. The money goes to a trust – run by the MassMutual Trust Co.

Children named in the survey form by the insured parents are beneficiaries, though the trust pays the benefit directly to an educational institution on the child or children's behalf.

Beneficiaries can use the money for up to 10 years or until they turn 35 – but only for educational purposes.

Willingham said he was glad the Urban League could serve as on outlet to distribute details about LifeBridge.

“For a child in an urban environment, there is the possibility that something could happen to a parent. Providing quality education for a child is different when they come from a poor environment and family (and there is an) even greater difficulty without a parent,” he said.

McCarthy agreed.

“A lot of the children we serve are kids who live in poverty or come from … working poor” families, he said, “so I could see our organization being a place where we’re going to get the word out…” p