

Bill and Sponsors Statement identical to A1740

COMMITTEE STATEMENT:

ASSEMBLY: No

SENATE: Yes

Identical to Assembly Statement for A1740

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: No

ASSEMBLY, No. 1740

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Assemblyman LEONARD LANCE

District 23 (Warren, Hunterdon and Mercer)

SYNOPSIS

Concerns prompt payment of and accrual of interest on life insurance proceeds.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



A1740 LANCE

2

1 AN ACT concerning payment of proceeds under certain life insurance
2 policies, amending N.J.S.17B:25-11 and N.J.S.17B:27-10 and
3 supplementing Title 17B of the New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.17B:25-11 is amended to read as follows:

9 17B:25-11. a. There shall be a provision that when benefits under
10 the policy shall become payable by reason of the death of the insured,
11 settlement shall be made [upon] within 60 days after receipt of due
12 proof of death and, at the insurer's option, surrender of the policy or
13 proof of the interest of the claimant or both. [If an insurer shall
14 specify a particular period prior to the expiration of which settlement
15 shall be made, such period shall not exceed 2 months from the receipt
16 of such proofs.]

17 b. If a claim or a portion of a claim for benefits under a policy is
18 contested by the insurer, the claimant shall be notified in writing no
19 later than the 45th calendar day following receipt by the insurer of due
20 proof of death, proof of the interest of the claimant, or any other
21 document or information requested by the insurer under the terms of
22 the policy, that the claim, or a portion thereof, is contested or denied,
23 and the reason the claim is being contested or denied. Any
24 uncontested portion of a claim shall be paid no later than the 60th
25 calendar day following receipt of due proof of death, proof of the
26 interest of the claimant, or any other document or information
27 requested by the insurer under the terms of the policy.

28 c. The insurer, upon receipt of any document or information
29 requested relating to a contested claim or contested portion of a claim,
30 shall pay the benefits for which the claim is made or deny the claim no
31 later than the 90th calendar day following the receipt of the document
32 or information.

33 d. Payment of a claim or a portion thereof that is not contested by
34 the insurer shall be overdue if not remitted to the claimant by the
35 insurer on or before the 60th calendar day following receipt of due
36 proof of death, proof of the interest of the claimant, or any other
37 document or information requested by the insurer pursuant to the
38 policy. Payment of a contested claim or a contested portion of a claim
39 that becomes eligible for payment shall be overdue if not remitted to
40 the claimant by the insurer on or before the 90th calendar day
41 following receipt of due proof of death, proof of the interest of the
42 claimant, or any other document or information requested by the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 insurer. Overdue payments shall bear interest at the rate of 10% per
2 annum, compounded monthly.

3 (cf: N.J.S.17B:25-11)

4

5 2. N.J.S.17B:27-10 is amended to read as follows:

6 17B:27-10. No policy of group life insurance shall be delivered or
7 issued for delivery in this State unless it contains in substance the
8 ~~[following]~~ provisions in ~~[sections]~~ N.J.S.17B:27-11 to
9 N.J.S.17B:27-21, inclusive, and section 3 of P.L. , c. (C.) (now
10 before the Legislature as this bill), provided, however, a. ~~[that~~
11 ~~sections]~~ N.J.S.17B:27-17 to N.J.S.17B:27-21, inclusive, shall not
12 apply to policies issued in accordance with ~~[section]~~ N.J.S.17B:27-3,
13 but ~~[sections]~~ N.J.S.17B:27-22 and [23]N.J.S.17B:27-23 shall be
14 applicable to such policies, and that ~~[sections]~~ N.J.S.17B:27-19 to
15 N.J.S.17B:27-21, inclusive, shall not apply to policies issued in
16 accordance with ~~[section]~~ N.J.S.17B:27-7; b. that the provisions
17 required for individual life insurance policies shall not apply to group
18 life insurance policies; and c. that if the group life insurance policy is
19 on a plan of insurance other than the term plan, it shall contain a
20 nonforfeiture provision or provisions which in the opinion of the
21 commissioner is or are equitable to the insured persons and to the
22 policyholder, but nothing herein shall be construed to require that
23 group life insurance policies contain the same form of nonforfeiture
24 provisions as are required for individual life insurance policies. Any
25 policy of group life insurance may be delivered in this State which in
26 the opinion of the commissioner contains provisions as favorable to
27 the persons insured and to the policyholder as the following provisions
28 and may be issued by any insurer of this State for delivery outside of
29 this State when containing provisions in addition to or differing from
30 the following provisions; provided, such policy conforms to the laws
31 of the ~~[State]~~ state or country in which it is delivered.

32 (cf: N.J.S.17B:27-10)

33

34 3. (New section) a. Notwithstanding any policy provision to the
35 contrary, benefits under the policy shall become payable by reason of
36 the death of the insured within 60 days after receipt of due proof of
37 death and, at the insurer's option, proof of the interest of the claimant.

38 b. If a claim or a portion of a claim for benefits under a policy is
39 contested by the insurer, the claimant shall be notified in writing no
40 later than the 45th calendar day following receipt by the insurer of due
41 proof of death, proof of the interest of the claimant, or any other
42 document or information requested by the insurer under the terms of
43 the policy, that the claim, or a portion thereof, is contested or denied,
44 and the reason the claim is being contested or denied. Any
45 uncontested portion of a claim shall be paid no later than the 60th
46 calendar day following receipt of due proof of death, proof of the

1 interest of the claimant, or any other document or information
2 requested by the insurer under the terms of the policy.

3 c. The insurer, upon receipt of any document or information
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7 or information.

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9 the insurer shall be overdue if not remitted to the claimant by the
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12 document or information requested by the insurer pursuant to the
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14 that becomes eligible for payment shall be overdue if not remitted to
15 the claimant by the insurer on or before the 90th calendar day
16 following receipt of due proof of death, proof of the interest of the
17 claimant, or any other document or information requested by the
18 insurer. Overdue payments shall bear interest at the rate of 10% per
19 annum, compounded monthly.

20

21 4. This act shall take effect on the 90th day after enactment.

22

23

24

STATEMENT

25

26 This bill requires life insurers to pay benefits under an individual or
27 group life insurance policy within 60 days of receipt of due proof of
28 death; to notify a claimant in writing within 45 days after receipt of
29 such proofs if the claim is contested or denied and shall, upon receipt
30 of any additional information requested from the claimant, pay or deny
31 the contested claim or portion of the contested claim within 90 days
32 of receipt of the additional information requested; and further requires
33 that any uncontested portion of the claim be paid within the original
34 60-day period.

35 In addition, the bill requires life insurers to pay interest on an
36 overdue payment of proceeds under a life insurance policy at the rate
37 of 10% per year, compounded monthly. Under current law there is no
38 such requirement and the payment of interest varies among insurers.

ASSEMBLY BANKING AND INSURANCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1740

STATE OF NEW JERSEY

DATED: JANUARY 20, 2000

The Assembly Banking and Insurance Committee reports favorably Assembly Bill No. 1740.

This bill requires life insurers to pay benefits under an individual or group life insurance policy within 60 days of receipt of due proof of death; to notify a claimant in writing within 45 days after receipt of such proofs if the claim is contested or denied and shall, upon receipt of any additional information requested from the claimant, pay or deny the contested claim or portion of the contested claim within 90 days of receipt of the additional information requested; and further requires that any uncontested portion of the claim be paid within the original 60-day period.

In addition, the bill requires life insurers to pay interest on an overdue payment of proceeds under a life insurance policy at the rate of 10% per year, compounded monthly. Under current law there is no such requirement and the payment of interest varies among insurers.

This bill was pre-filed for introduction in the 2000 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1740

STATE OF NEW JERSEY

DATED: MAY 22, 2000

The Senate Commerce Committee reports favorably Assembly Bill No. 1740.

This bill requires life insurers to pay benefits under an individual or group life insurance policy within 60 days of receipt of due proof of death; to notify a claimant in writing within 45 days after receipt of such proofs if the claim is contested or denied and shall, upon receipt of any additional information requested from the claimant, pay or deny the contested claim or portion of the contested claim within 90 days of receipt of the additional information requested; and further requires that any uncontested portion of the claim be paid within the original 60-day period.

In addition, the bill requires life insurers to pay interest on an overdue payment of proceeds under a life insurance policy at the rate of 10% per year, compounded monthly. Under current law there is no such requirement and the payment of interest varies among insurers.

ASSEMBLY, No. 1740

STATE OF NEW JERSEY 209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Assemblyman LEONARD LANCE

District 23 (Warren, Hunterdon and Mercer)

Assemblyman KEVIN J. O'TOOLE

District 21 (Essex and Union)

Co-Sponsored by:

Assemblyman Merkt and Senator Kenny

SYNOPSIS

Concerns prompt payment of and accrual of interest on life insurance proceeds.

CURRENT VERSION OF TEXT

As reported by the Assembly Banking and Insurance Committee with technical review.



(Sponsorship Updated As Of: 10/24/2000)

1 AN ACT concerning payment of proceeds under certain life insurance
2 policies, amending N.J.S.17B:25-11 and N.J.S.17B:27-10 and
3 supplementing Title 17B of the New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.17B:25-11 is amended to read as follows:

9 17B:25-11. a. There shall be a provision that when benefits under
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12 proof of death and, at the insurer's option, surrender of the policy or
13 proof of the interest of the claimant or both. [If an insurer shall
14 specify a particular period prior to the expiration of which settlement
15 shall be made, such period shall not exceed 2 months from the receipt
16 of such proofs.]

17 b. If a claim or a portion of a claim for benefits under a policy is
18 contested by the insurer, the claimant shall be notified in writing no
19 later than the 45th calendar day following receipt by the insurer of due
20 proof of death, proof of the interest of the claimant, or any other
21 document or information requested by the insurer under the terms of
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23 and the reason the claim is being contested or denied. Any
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25 calendar day following receipt of due proof of death, proof of the
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28 c. The insurer, upon receipt of any document or information
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3 (cf: N.J.S.17B:25-11)

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5 2. N.J.S.17B:27-10 is amended to read as follows:

6 17B:27-10. No policy of group life insurance shall be delivered or
7 issued for delivery in this State unless it contains in substance the
8 [following] provisions in [sections] N.J.S.17B:27-11 to
9 N.J.S.17B:27-21, inclusive, and section 3 of P.L. , c. (C.) (now
10 before the Legislature as this bill), provided, however, a. that
11 [sections] N.J.S.17B:27-17 to N.J.S.17B:27-21, inclusive, shall not
12 apply to policies issued in accordance with [section] N.J.S.17B:27-3,
13 but [sections] N.J.S.17B:27-22 and [~~23~~]N.J.S.17B:27-23 shall be
14 applicable to such policies, and that [sections] N.J.S.17B:27-19 to
15 N.J.S.17B:27-21, inclusive, shall not apply to policies issued in
16 accordance with [section] N.J.S.17B:27-7; b. that the provisions
17 required for individual life insurance policies shall not apply to group
18 life insurance policies; and c. that if the group life insurance policy is
19 on a plan of insurance other than the term plan, it shall contain a
20 nonforfeiture provision or provisions which in the opinion of the
21 commissioner is or are equitable to the insured persons and to the
22 policyholder, but nothing herein shall be construed to require that
23 group life insurance policies contain the same form of nonforfeiture
24 provisions as are required for individual life insurance policies. Any
25 policy of group life insurance may be delivered in this State which in
26 the opinion of the commissioner contains provisions as favorable to
27 the persons insured and to the policyholder as the following provisions
28 and may be issued by any insurer of this State for delivery outside of
29 this State when containing provisions in addition to or differing from
30 the following provisions; provided, such policy conforms to the laws
31 of the [State] state or country in which it is delivered.

32 (cf: N.J.S.17B:27-10)

33

34 3. (New section) a. Notwithstanding any policy provision to the
35 contrary, benefits under the policy shall become payable by reason of
36 the death of the insured within 60 days after receipt of due proof of
37 death and, at the insurer's option, proof of the interest of the claimant.

38 b. If a claim or a portion of a claim for benefits under a policy is
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42 document or information requested by the insurer under the terms of
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44 and the reason the claim is being contested or denied. Any
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1 interest of the claimant, or any other document or information
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3 c. The insurer, upon receipt of any document or information
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14 that becomes eligible for payment shall be overdue if not remitted to
15 the claimant by the insurer on or before the 90th calendar day
16 following receipt of due proof of death, proof of the interest of the
17 claimant, or any other document or information requested by the
18 insurer. Overdue payments shall bear interest at the rate of 10% per
19 annum, compounded monthly.

20

21 4. This act shall take effect on the 90th day after enactment.

[First Reprint]

ASSEMBLY, No. 1740

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Assemblyman LEONARD LANCE

District 23 (Warren, Hunterdon and Mercer)

Assemblyman KEVIN J. O'TOOLE

District 21 (Essex and Union)

Co-Sponsored by:

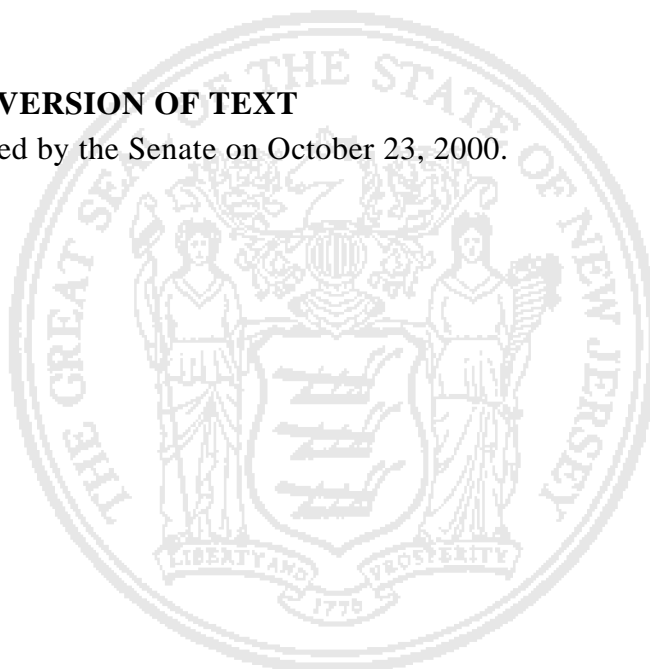
Assemblyman Merkt and Senator Kenny

SYNOPSIS

Concerns prompt payment of and accrual of interest on life insurance proceeds.

CURRENT VERSION OF TEXT

As amended by the Senate on October 23, 2000.



(Sponsorship Updated As Of: 10/24/2000)

1 AN ACT concerning payment of proceeds under certain life insurance
2 policies, amending N.J.S.17B:25-11 and N.J.S.17B:27-10 and
3 supplementing Title 17B of the New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.17B:25-11 is amended to read as follows:

9 17B:25-11. a. There shall be a provision that when benefits under
10 the policy shall become payable by reason of the death of the insured,
11 settlement shall be made [upon] within 60 days after receipt of due
12 proof of death and, at the insurer's option, surrender of the policy or
13 proof of the interest of the claimant or both. [If an insurer shall
14 specify a particular period prior to the expiration of which settlement
15 shall be made, such period shall not exceed 2 months from the receipt
16 of such proofs.]

17 b. If a claim or a portion of a claim for benefits under a policy
18 ¹requires additional investigation or¹ is ¹[contested]denied¹ by the
19 insurer, the claimant shall be notified in writing no later than the 45th
20 calendar day following receipt by the insurer of due proof of death,
21 proof of the interest of the claimant, or any other document or
22 information requested by the insurer under the terms of the policy, that
23 the claim, or a portion thereof, is ¹[contested] subject to additional
24 investigation¹ or denied, and the reason the claim is being
25 ¹[contested] investigated¹ or denied. ¹Notwithstanding the provisions
26 of this subsection b. to the contrary, the notice to the claimant for any
27 claim which the insurer concludes, based upon its investigation and
28 which conclusion is reasonably based upon the contents of the insurer's
29 claim file, constitutes probable cause for fraud shall not be required to
30 contain the specific reasons for the investigation. A conclusion of
31 fraud that is not reasonably based upon the contents of the insurer's
32 claim file, notwithstanding that the violation did not occur with such
33 frequency as to indicate a general business practice, shall be a violation
34 of section 1 of P.L. 1975, c. 101 (C. 17B:30-13.1).¹ Any uncontested
35 portion of a claim shall be paid no later than the 60th calendar day
36 following receipt of due proof of death, proof of the interest of the
37 claimant, or any other document or information requested by the
38 insurer under the terms of the policy.

39 c. The insurer, upon receipt of any document or information
40 requested relating to a ¹[contested]¹ claim or ¹[contested]¹ portion
41 of a claim ¹under investigation¹, shall pay the benefits for which the

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted October 23, 2000.

1 claim is made or deny the claim no later than the 90th calendar day
2 following the receipt of the document or information.

3 d. Payment of a claim or a portion thereof that is not ¹[contested]
4 under investigation¹ by the insurer shall be overdue if not remitted to
5 the claimant by the insurer on or before the 60th calendar day
6 following receipt of due proof of death, proof of the interest of the
7 claimant, or any other document or information requested by the
8 insurer pursuant to the policy. Payment of a ¹[contested]¹ claim or
9 a ¹[contested]¹ portion of a claim ¹under investigation or denied¹ that
10 becomes eligible for payment shall be overdue if not remitted to the
11 claimant by the insurer on or before the 90th calendar day following
12 receipt of due proof of death, proof of the interest of the claimant, or
13 any other document or information requested by the insurer. Overdue
14 payments shall bear ¹an annual rate of¹ interest ¹[at the rate of 10%
15 per annum, compounded monthly] equal to the average rate of return
16 of the State of New Jersey Cash Management Fund, established
17 pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4), for the
18 preceding fiscal year, rounded to the nearest one-half percent¹.

19 (cf: N.J.S.17B:25-11)

20

21 2. N.J.S.17B:27-10 is amended to read as follows:

22 17B:27-10. No policy of group life insurance shall be delivered or
23 issued for delivery in this State unless it contains in substance the
24 [following] provisions in [sections] N.J.S.17B:27-11 to
25 N.J.S.17B:27-21, inclusive, and section 3 of P.L. , c. (C.) (now
26 before the Legislature as this bill), provided, however, a. that
27 [sections] N.J.S.17B:27-17 to N.J.S.17B:27-21, inclusive, shall not
28 apply to policies issued in accordance with [section] N.J.S.17B:27-3,
29 but [sections] N.J.S.17B:27-22 and [23]N.J.S.17B:27-23 shall be
30 applicable to such policies, and that [sections] N.J.S.17B:27-19 to
31 N.J.S.17B:27-21, inclusive, shall not apply to policies issued in
32 accordance with [section] N.J.S.17B:27-7; b. that the provisions
33 required for individual life insurance policies shall not apply to group
34 life insurance policies; and c. that if the group life insurance policy is
35 on a plan of insurance other than the term plan, it shall contain a
36 nonforfeiture provision or provisions which in the opinion of the
37 commissioner is or are equitable to the insured persons and to the
38 policyholder, but nothing herein shall be construed to require that
39 group life insurance policies contain the same form of nonforfeiture
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41 policy of group life insurance may be delivered in this State which in
42 the opinion of the commissioner contains provisions as favorable to
43 the persons insured and to the policyholder as the following provisions
44 and may be issued by any insurer of this State for delivery outside of
45 this State when containing provisions in addition to or differing from

1 the following provisions; provided, such policy conforms to the laws
2 of the [State] state or country in which it is delivered.
3 (cf: N.J.S.17B:27-10)

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5 3. (New section) a. Notwithstanding any policy provision to the
6 contrary, benefits under the policy shall become payable by reason of
7 the death of the insured within 60 days after receipt of due proof of
8 death and, at the insurer's option, proof of the interest of the claimant.

9 b. If a claim or a portion of a claim for benefits under a policy
10 ¹requires additional investigation or¹ is ¹[contested] denied¹ by the
11 insurer, the claimant shall be notified in writing no later than the 45th
12 calendar day following receipt by the insurer of due proof of death,
13 proof of the interest of the claimant, or any other document or
14 information requested by the insurer under the terms of the policy, that
15 the claim, or a portion thereof, is ¹[contested] subject to additional
16 investigation¹ or denied, and the reason the claim is being
17 ¹[contested] investigated¹ or denied. ¹Notwithstanding the provisions
18 of this subsection b. to the contrary, the notice to the claimant for any
19 claim which the insurer concludes, based upon its investigation and
20 which conclusion is reasonably based upon the contents of the insurer's
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22 contain the specific reasons for the investigation. A conclusion of
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34 claim is made or deny the claim no later than the 90th calendar day
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1 payments shall bear ¹an annual rate of¹ interest ¹[at the rate of 10%
2 per annum, compounded monthly] equal to the average rate of return
3 of the State of New Jersey Cash Management Fund, established
4 pursuant to section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4), for the
5 preceding fiscal year, rounded to the nearest one-half percent¹.

6

7 4. This act shall take effect on the 90th day after enactment.

STATEMENT TO
ASSEMBLY, No. 1740

with Senate Floor Amendments
(Proposed by Senator KENNY)

ADOPTED: OCTOBER 23, 2000

These amendments provide that when life insurance claims are under investigation or denied, the reason therefor must be given to the claimant, except where fraud is reasonably suspected by the insurer. If an insurer does not give a reason and does not have a reasonable basis for suspecting fraud pursuant to the contents of the insurer's claim file, the insurer would violate the unfair claims settlement practice law. In addition, these amendments provide that overdue life insurance claims are subject to interest equal to the average rate of return of the State of New Jersey Cash Management Fund for the preceding fiscal year.

SENATE, No. 356

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Concerns prompt payment of and accrual of interest on life insurance proceeds.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



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2 policies, amending N.J.S.17B:25-11 and 17B:27-10 and
3 supplementing Title 17B of the New Jersey Statutes.

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9 17B:25-11. a. There shall be a provision that when benefits under
10 the policy shall become payable by reason of the death of the insured,
11 settlement shall be made [upon] within 60 days after receipt of due
12 proof of death and, at the insurer's option, surrender of the policy or
13 proof of the interest of the claimant or both. [If an insurer shall
14 specify a particular period prior to the expiration of which settlement
15 shall be made, such period shall not exceed 2 months from the receipt
16 of such proofs.]

17 b. If a claim or a portion of a claim for benefits under a policy is
18 contested by the insurer, the claimant shall be notified in writing no
19 later than the 45th calendar day following receipt by the insurer of due
20 proof of death, proof of the interest of the claimant, or any other
21 document or information requested by the insurer under the terms of
22 the policy, that the claim, or a portion thereof, is contested or denied,
23 and the reason the claim is being contested or denied. Any
24 uncontested portion of a claim shall be paid no later than the 60th
25 calendar day following receipt of due proof of death, proof of the
26 interest of the claimant, or any other document or information
27 requested by the insurer under the terms of the policy.

28 c. The insurer, upon receipt of any document or information
29 requested relating to a contested claim or contested portion of a claim,
30 shall pay the benefits for which the claim is made or deny the claim no
31 later than the 90th calendar day following the receipt of the document
32 or information.

33 d. Payment of a claim or a portion thereof that is not contested by
34 the insurer shall be overdue if not remitted to the claimant by the
35 insurer on or before the 60th calendar day following receipt of due
36 proof of death, proof of the interest of the claimant, or any other
37 document or information requested by the insurer pursuant to the
38 policy. Payment of a contested claim or a contested portion of a claim
39 that becomes eligible for payment shall be overdue if not remitted to
40 the claimant by the insurer on or before the 90th calendar day
41 following receipt of due proof of death, proof of the interest of the
42 claimant, or any other document or information requested by the
43 insurer. Overdue payments shall bear interest at the rate of 10% per

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 annum, compounded monthly.

2 (cf: N.J.S.17B:25-11)

3

4 2. N.J.S.17B:27-10 is amended to read as follows:

5 17B:27-10. No policy of group life insurance shall be delivered or
6 issued for delivery in this State unless it contains in substance the
7 [following] provisions in [sections] N.J.S.17B:27-11 to 17B:27-21,
8 inclusive, and section 3 of P.L. , c. (C.) (now before the
9 Legislature as this bill), provided, however, a. [that sections]
10 N.J.S.17B:27-17 to 17B:27-21, inclusive, shall not apply to policies
11 issued in accordance with [section] N.J.S.17B:27-3, but [sections]
12 N.J.S.17B:27-22 and [23] 17B:27-23 shall be applicable to such
13 policies, and that [sections] N.J.S.17B:27-19 to 17B:27-21, inclusive,
14 shall not apply to policies issued in accordance with [section]
15 N.J.S.17B:27-7; b. that the provisions required for individual life
16 insurance policies shall not apply to group life insurance policies; and
17 c. that if the group life insurance policy is on a plan of insurance other
18 than the term plan, it shall contain a nonforfeiture provision or
19 provisions which in the opinion of the commissioner is or are equitable
20 to the insured persons and to the policyholder, but nothing herein
21 shall be construed to require that group life insurance policies contain
22 the same form of nonforfeiture provisions as are required for
23 individual life insurance policies. Any policy of group life insurance
24 may be delivered in this State which in the opinion of the
25 commissioner contains provisions as favorable to the persons insured
26 and to the policyholder as the following provisions and may be issued
27 by any insurer of this State for delivery outside of this State when
28 containing provisions in addition to or differing from the following
29 provisions; provided, such policy conforms to the laws of the [State]
30 state or country in which it is delivered.

31 (cf: N.J.S.17B:27-10)

32

33 3. (New section) a. Notwithstanding any policy provision to the
34 contrary, benefits under the policy shall become payable by reason of
35 the death of the insured within 60 days after receipt of due proof of
36 death and, at the insurer's option, proof of the interest of the claimant.

37 b. If a claim or a portion of a claim for benefits under a policy is
38 contested by the insurer, the claimant shall be notified in writing no
39 later than the 45th calendar day following receipt by the insurer of due
40 proof of death, proof of the interest of the claimant, or any other
41 document or information requested by the insurer under the terms of
42 the policy, that the claim, or a portion thereof, is contested or denied,
43 and the reason the claim is being contested or denied. Any
44 uncontested portion of a claim shall be paid no later than the 60th
45 calendar day following receipt of due proof of death, proof of the
46 interest of the claimant, or any other document or information

1 requested by the insurer under the terms of the policy.

2 c. The insurer, upon receipt of any document or information
3 requested relating to a contested claim or contested portion of a claim,
4 shall pay the benefits for which the claim is made or deny the claim no
5 later than the 90th calendar day following the receipt of the document
6 or information.

7 d. Payment of a claim or a portion thereof that is not contested by
8 the insurer shall be overdue if not remitted to the claimant by the
9 insurer on or before the 60th calendar day following receipt of due
10 proof of death, proof of the interest of the claimant, or any other
11 document or information requested by the insurer pursuant to the
12 policy. Payment of a contested claim or a contested portion of a claim
13 that becomes eligible for payment shall be overdue if not remitted to
14 the claimant by the insurer on or before the 90th calendar day
15 following receipt of due proof of death, proof of the interest of the
16 claimant, or any other document or information requested by the
17 insurer. Overdue payments shall bear interest at the rate of 10% per
18 annum, compounded monthly.

19

20 4. This act shall take effect on the 90th day after enactment.

21

22

23

STATEMENT

24

25 This bill requires life insurers to pay benefits under an individual or
26 group life insurance policy within 60 days of receipt of due proof of
27 death; to notify a claimant in writing within 45 days after receipt of
28 such proofs if the claim is contested or denied and shall, upon receipt
29 of any additional information requested from the claimant, pay or deny
30 the contested claim or portion of the contested claim within 90 days
31 of receipt of the additional information requested; and further requires
32 that any uncontested portion of the claim be paid within the original
33 60-day period.

34 In addition, the bill requires life insurers to pay interest on an
35 overdue payment of proceeds under a life insurance policy at the rate
36 of 10% per year, compounded monthly. Under current law there is no
37 such requirement and the payment of interest varies among insurers.

SENATE, No. 356

STATE OF NEW JERSEY
209th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2000 SESSION

Sponsored by:

Senator BERNARD F. KENNY, JR.

District 33 (Hudson)

SYNOPSIS

Concerns prompt payment of and accrual of interest on life insurance proceeds.

CURRENT VERSION OF TEXT

As reported by the Senate Commerce Committee with technical review.



S356 KENNY

2

1 AN ACT concerning payment of proceeds under certain life insurance
2 policies, amending N.J.S.17B:25-11 and 17B:27-10 and
3 supplementing Title 17B of the New Jersey Statutes.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.17B:25-11 is amended to read as follows:

9 17B:25-11. a. There shall be a provision that when benefits under
10 the policy shall become payable by reason of the death of the insured,
11 settlement shall be made [upon] within 60 days after receipt of due
12 proof of death and, at the insurer's option, surrender of the policy or
13 proof of the interest of the claimant or both. [If an insurer shall
14 specify a particular period prior to the expiration of which settlement
15 shall be made, such period shall not exceed 2 months from the receipt
16 of such proofs.]

17 b. If a claim or a portion of a claim for benefits under a policy is
18 contested by the insurer, the claimant shall be notified in writing no
19 later than the 45th calendar day following receipt by the insurer of due
20 proof of death, proof of the interest of the claimant, or any other
21 document or information requested by the insurer under the terms of
22 the policy, that the claim, or a portion thereof, is contested or denied,
23 and the reason the claim is being contested or denied. Any
24 uncontested portion of a claim shall be paid no later than the 60th
25 calendar day following receipt of due proof of death, proof of the
26 interest of the claimant, or any other document or information
27 requested by the insurer under the terms of the policy.

28 c. The insurer, upon receipt of any document or information
29 requested relating to a contested claim or contested portion of a claim,
30 shall pay the benefits for which the claim is made or deny the claim no
31 later than the 90th calendar day following the receipt of the document
32 or information.

33 d. Payment of a claim or a portion thereof that is not contested by
34 the insurer shall be overdue if not remitted to the claimant by the
35 insurer on or before the 60th calendar day following receipt of due
36 proof of death, proof of the interest of the claimant, or any other
37 document or information requested by the insurer pursuant to the
38 policy. Payment of a contested claim or a contested portion of a claim
39 that becomes eligible for payment shall be overdue if not remitted to
40 the claimant by the insurer on or before the 90th calendar day
41 following receipt of due proof of death, proof of the interest of the
42 claimant, or any other document or information requested by the
43 insurer. Overdue payments shall bear interest at the rate of 10% per

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 annum, compounded monthly.

2 (cf: N.J.S.17B:25-11)

3

4 2. N.J.S.17B:27-10 is amended to read as follows:

5 17B:27-10. No policy of group life insurance shall be delivered or
6 issued for delivery in this State unless it contains in substance the
7 [following] provisions in [sections] N.J.S.17B:27-11 to 17B:27-21,
8 inclusive, and section 3 of P.L. , c. (C.) (now before the
9 Legislature as this bill), provided, however, a. that [sections]
10 N.J.S.17B:27-17 to 17B:27-21, inclusive, shall not apply to policies
11 issued in accordance with [section] N.J.S.17B:27-3, but [sections]
12 N.J.S.17B:27-22 and [23] 17B:27-23 shall be applicable to such
13 policies, and that [sections] N.J.S.17B:27-19 to 17B:27-21,
14 inclusive, shall not apply to policies issued in accordance with
15 [section] N.J.S.17B:27-7; b. that the provisions required for
16 individual life insurance policies shall not apply to group life insurance
17 policies; and c. that if the group life insurance policy is on a plan of
18 insurance other than the term plan, it shall contain a nonforfeiture
19 provision or provisions which in the opinion of the commissioner is or
20 are equitable to the insured persons and to the policyholder, but
21 nothing herein shall be construed to require that group life insurance
22 policies contain the same form of nonforfeiture provisions as are
23 required for individual life insurance policies. Any policy of group life
24 insurance may be delivered in this State which in the opinion of the
25 commissioner contains provisions as favorable to the persons insured
26 and to the policyholder as the following provisions and may be issued
27 by any insurer of this State for delivery outside of this State when
28 containing provisions in addition to or differing from the following
29 provisions; provided, such policy conforms to the laws of the [State]
30 state or country in which it is delivered.

31 (cf: N.J.S.17B:27-10)

32

33 3. (New section) a. Notwithstanding any policy provision to the
34 contrary, benefits under the policy shall become payable by reason of
35 the death of the insured within 60 days after receipt of due proof of
36 death and, at the insurer's option, proof of the interest of the claimant.

37 b. If a claim or a portion of a claim for benefits under a policy is
38 contested by the insurer, the claimant shall be notified in writing no
39 later than the 45th calendar day following receipt by the insurer of due
40 proof of death, proof of the interest of the claimant, or any other
41 document or information requested by the insurer under the terms of
42 the policy, that the claim, or a portion thereof, is contested or denied,
43 and the reason the claim is being contested or denied. Any
44 uncontested portion of a claim shall be paid no later than the 60th
45 calendar day following receipt of due proof of death, proof of the
46 interest of the claimant, or any other document or information

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1 requested by the insurer under the terms of the policy.

2 c. The insurer, upon receipt of any document or information
3 requested relating to a contested claim or contested portion of a claim,
4 shall pay the benefits for which the claim is made or deny the claim no
5 later than the 90th calendar day following the receipt of the document
6 or information.

7 d. Payment of a claim or a portion thereof that is not contested by
8 the insurer shall be overdue if not remitted to the claimant by the
9 insurer on or before the 60th calendar day following receipt of due
10 proof of death, proof of the interest of the claimant, or any other
11 document or information requested by the insurer pursuant to the
12 policy. Payment of a contested claim or a contested portion of a claim
13 that becomes eligible for payment shall be overdue if not remitted to
14 the claimant by the insurer on or before the 90th calendar day
15 following receipt of due proof of death, proof of the interest of the
16 claimant, or any other document or information requested by the
17 insurer. Overdue payments shall bear interest at the rate of 10% per
18 annum, compounded monthly.

19

20 4. This act shall take effect on the 90th day after enactment.

SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 356

STATE OF NEW JERSEY

DATED: MAY 22, 2000

The Senate Commerce Committee reports favorably Senate Bill No. 356.

This bill requires life insurers to pay benefits under an individual or group life insurance policy within 60 days of receipt of due proof of death; to notify a claimant in writing within 45 days after receipt of such proofs if the claim is contested or denied and shall, upon receipt of any additional information requested from the claimant, pay or deny the contested claim or portion of the contested claim within 90 days of receipt of the additional information requested; and further requires that any uncontested portion of the claim be paid within the original 60-day period.

In addition, the bill requires life insurers to pay interest on an overdue payment of proceeds under a life insurance policy at the rate of 10% per year, compounded monthly. Under current law there is no such requirement and the payment of interest varies among insurers.

This bill was pre-filed for introduction in the 2000-2001 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

P.L. 2001, CHAPTER 91, *approved May 10, 2001*
Assembly, No. 1740 (*First Reprint*)

1 **AN ACT** concerning payment of proceeds under certain life insurance
2 policies, amending N.J.S.17B:25-11 and N.J.S.17B:27-10 and
3 supplementing Title 17B of the New Jersey Statutes.

4

5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7

8 1. N.J.S.17B:25-11 is amended to read as follows:

9 17B:25-11. a. There shall be a provision that when benefits under
10 the policy shall become payable by reason of the death of the insured,
11 settlement shall be made **[upon] within 60 days after** receipt of due
12 proof of death and, at the insurer's option, surrender of the policy or
13 proof of the interest of the claimant or both. **[If an insurer shall**
14 **specify a particular period prior to the expiration of which settlement**
15 **shall be made, such period shall not exceed 2 months from the receipt**
16 **of such proofs.]**

17 b. **If a claim or a portion of a claim for benefits under a policy**
18 **¹requires additional investigation or¹ is ¹[contested]denied¹ by the**
19 **insurer, the claimant shall be notified in writing no later than the 45th**
20 **calendar day following receipt by the insurer of due proof of death,**
21 **proof of the interest of the claimant, or any other document or**
22 **information requested by the insurer under the terms of the policy, that**
23 **the claim, or a portion thereof, is ¹[contested] subject to additional**
24 **investigation¹ or denied, and the reason the claim is being**
25 **¹[contested] investigated¹ or denied. ¹Notwithstanding the provisions**
26 **of this subsection b. to the contrary, the notice to the claimant for any**
27 **claim which the insurer concludes, based upon its investigation and**
28 **which conclusion is reasonably based upon the contents of the insurer's**
29 **claim file, constitutes probable cause for fraud shall not be required to**
30 **contain the specific reasons for the investigation. A conclusion of**
31 **fraud that is not reasonably based upon the contents of the insurer's**
32 **claim file, notwithstanding that the violation did not occur with such**
33 **frequency as to indicate a general business practice, shall be a violation**
34 **of section 1 of P.L. 1975, c. 101 (C. 17B:30-13.1).¹ Any uncontested**
35 **portion of a claim shall be paid no later than the 60th calendar day**
36 **following receipt of due proof of death, proof of the interest of the**
37 **claimant, or any other document or information requested by the**

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ Senate floor amendments adopted October 23, 2000.

1 insurer under the terms of the policy.

2 c. The insurer, upon receipt of any document or information
3 requested relating to a ¹[contested]¹ claim or ¹[contested]¹ portion
4 of a claim ¹under investigation¹, shall pay the benefits for which the
5 claim is made or deny the claim no later than the 90th calendar day
6 following the receipt of the document or information.

7 d. Payment of a claim or a portion thereof that is not ¹[contested]
8 under investigation¹ by the insurer shall be overdue if not remitted to
9 the claimant by the insurer on or before the 60th calendar day
10 following receipt of due proof of death, proof of the interest of the
11 claimant, or any other document or information requested by the
12 insurer pursuant to the policy. Payment of a ¹[contested]¹ claim or
13 a ¹[contested]¹ portion of a claim ¹under investigation or denied¹ that
14 becomes eligible for payment shall be overdue if not remitted to the
15 claimant by the insurer on or before the 90th calendar day following
16 receipt of due proof of death, proof of the interest of the claimant, or
17 any other document or information requested by the insurer. Overdue
18 payments shall bear ¹an annual rate of¹ interest ¹[at the rate of 10%
19 per annum, compounded monthly] equal to the average rate of return
20 of the State of New Jersey Cash Management Fund, established
21 pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4), for the
22 preceding fiscal year, rounded to the nearest one-half percent¹.

23 (cf: N.J.S.17B:25-11)

24

25 2. N.J.S.17B:27-10 is amended to read as follows:

26 17B:27-10. No policy of group life insurance shall be delivered or
27 issued for delivery in this State unless it contains in substance the
28 [following] provisions in [sections] N.J.S.17B:27-11 to
29 N.J.S.17B:27-21, inclusive, and section 3 of P.L. , c. (C.) (now
30 before the Legislature as this bill), provided, however, a. that
31 [sections] N.J.S.17B:27-17 to N.J.S.17B:27-21, inclusive, shall not
32 apply to policies issued in accordance with [section] N.J.S.17B:27-3,
33 but [sections] N.J.S.17B:27-22 and [23]N.J.S.17B:27-23 shall be
34 applicable to such policies, and that [sections] N.J.S.17B:27-19 to
35 N.J.S.17B:27-21, inclusive, shall not apply to policies issued in
36 accordance with [section] N.J.S.17B:27-7; b. that the provisions
37 required for individual life insurance policies shall not apply to group
38 life insurance policies; and c. that if the group life insurance policy is
39 on a plan of insurance other than the term plan, it shall contain a
40 nonforfeiture provision or provisions which in the opinion of the
41 commissioner is or are equitable to the insured persons and to the
42 policyholder, but nothing herein shall be construed to require that
43 group life insurance policies contain the same form of nonforfeiture
44 provisions as are required for individual life insurance policies. Any
45 policy of group life insurance may be delivered in this State which in

1 the opinion of the commissioner contains provisions as favorable to
2 the persons insured and to the policyholder as the following provisions
3 and may be issued by any insurer of this State for delivery outside of
4 this State when containing provisions in addition to or differing from
5 the following provisions; provided, such policy conforms to the laws
6 of the [State] state or country in which it is delivered.

7 (cf: N.J.S.17B:27-10)

8

9 3. (New section) a. Notwithstanding any policy provision to the
10 contrary, benefits under the policy shall become payable by reason of
11 the death of the insured within 60 days after receipt of due proof of
12 death and, at the insurer's option, proof of the interest of the claimant.

13 b. If a claim or a portion of a claim for benefits under a policy
14 ¹requires additional investigation or¹ is ¹[contested] denied¹ by the
15 insurer, the claimant shall be notified in writing no later than the 45th
16 calendar day following receipt by the insurer of due proof of death,
17 proof of the interest of the claimant, or any other document or
18 information requested by the insurer under the terms of the policy, that
19 the claim, or a portion thereof, is ¹[contested] subject to additional
20 investigation¹ or denied, and the reason the claim is being
21 ¹[contested] investigated¹ or denied. ¹Notwithstanding the provisions
22 of this subsection b. to the contrary, the notice to the claimant for any
23 claim which the insurer concludes, based upon its investigation and
24 which conclusion is reasonably based upon the contents of the insurer's
25 claim file, constitutes probable cause for fraud shall not be required to
26 contain the specific reasons for the investigation. A conclusion of
27 fraud that is not reasonably based upon the contents of the insurer's
28 claim file, notwithstanding that the violation did not occur with such
29 frequency as to indicate a general business practice, shall be a violation
30 of section 1 of P.L.1975, c.101 (C.17B:30-13.1).¹ Any uncontested
31 portion of a claim shall be paid no later than the 60th calendar day
32 following receipt of due proof of death, proof of the interest of the
33 claimant, or any other document or information requested by the
34 insurer under the terms of the policy.

35 c. The insurer, upon receipt of any document or information
36 requested relating to a ¹[contested]¹ claim or ¹[contested]¹ portion
37 of a claim ¹under investigation¹, shall pay the benefits for which the
38 claim is made or deny the claim no later than the 90th calendar day
39 following the receipt of the document or information.

40 d. Payment of a claim or a portion thereof that is not ¹[contested]
41 under investigation¹ by the insurer shall be overdue if not remitted to
42 the claimant by the insurer on or before the 60th calendar day
43 following receipt of due proof of death, proof of the interest of the
44 claimant, or any other document or information requested by the
45 insurer pursuant to the policy. Payment of a ¹[contested]¹ claim or
46 a ¹[contested]¹ portion of a claim ¹under investigation or denied¹ that

1 becomes eligible for payment shall be overdue if not remitted to the
2 claimant by the insurer on or before the 90th calendar day following
3 receipt of due proof of death, proof of the interest of the claimant, or
4 any other document or information requested by the insurer. Overdue
5 payments shall bear ¹an annual rate of¹ interest ¹[at the rate of 10%
6 per annum, compounded monthly] equal to the average rate of return
7 of the State of New Jersey Cash Management Fund, established
8 pursuant to section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4), for the
9 preceding fiscal year, rounded to the nearest one-half percent¹.

10

11 4. This act shall take effect on the 90th day after enactment.

12

13

14

15

16 Concerns prompt payment of and accrual of interest on life insurance
17 proceeds.

CHAPTER 91

AN ACT concerning payment of proceeds under certain life insurance policies, amending N.J.S.17B:25-11 and N.J.S.17B:27-10 and supplementing Title 17B of the New Jersey Statutes.

BE IT ENACTED by the Senate and General Assembly of the State of New Jersey:

1. N.J.S.17B:25-11 is amended to read as follows:

Payment of claims.

17B:25-11. a. There shall be a provision that when benefits under the policy shall become payable by reason of the death of the insured, settlement shall be made within 60 days after receipt of due proof of death and, at the insurer's option, surrender of the policy or proof of the interest of the claimant or both.

b. If a claim or a portion of a claim for benefits under a policy requires additional investigation or is denied by the insurer, the claimant shall be notified in writing no later than the 45th calendar day following receipt by the insurer of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer under the terms of the policy, that the claim, or a portion thereof, is subject to additional investigation or denied, and the reason the claim is being investigated or denied. Notwithstanding the provisions of this subsection b. to the contrary, the notice to the claimant for any claim which the insurer concludes, based upon its investigation and which conclusion is reasonably based upon the contents of the insurer's claim file, constitutes probable cause for fraud shall not be required to contain the specific reasons for the investigation. A conclusion of fraud that is not reasonably based upon the contents of the insurer's claim file, notwithstanding that the violation did not occur with such frequency as to indicate a general business practice, shall be a violation of section 1 of P.L. 1975, c. 101 (C. 17B:30-13.1). Any uncontested portion of a claim shall be paid no later than the 60th calendar day following receipt of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer under the terms of the policy.

c. The insurer, upon receipt of any document or information requested relating to a claim or portion of a claim under investigation, shall pay the benefits for which the claim is made or deny the claim no later than the 90th calendar day following the receipt of the document or information.

d. Payment of a claim or a portion thereof that is not under investigation by the insurer shall be overdue if not remitted to the claimant by the insurer on or before the 60th calendar day following receipt of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer pursuant to the policy. Payment of a claim or a portion of a claim under investigation or denied that becomes eligible for payment shall be overdue if not remitted to the claimant by the insurer on or before the 90th calendar day following receipt of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer. Overdue payments shall bear an annual rate of interest equal to the average rate of return of the State of New Jersey Cash Management Fund, established pursuant to section 1 of P.L.1977, c.281 (C.52:18A-90.4), for the preceding fiscal year, rounded to the nearest one-half percent.

2. N.J.S.17B:27-10 is amended to read as follows:

Standard provisions.

17B:27-10. No policy of group life insurance shall be delivered or issued for delivery in this State unless it contains in substance the provisions in N.J.S.17B:27-11 to N.J.S.17B:27-21, inclusive, and section 3 of P.L.2001, c.91 (C.17B:27-10.1), provided, however, a. that N.J.S.17B:27-17 to N.J.S.17B:27-21, inclusive, shall not apply to policies issued in accordance with N.J.S.17B:27-3, but N.J.S.17B:27-22 and N.J.S.17B:27-23 shall be applicable to such policies, and that N.J.S.17B:27-19 to N.J.S.17B:27-21, inclusive, shall not apply to policies issued in accordance with N.J.S.17B:27-7; b. that the provisions required for individual life insurance policies shall not apply to group life insurance policies; and c. that if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture

provision or provisions which in the opinion of the commissioner is or are equitable to the insured persons and to the policyholder, but nothing herein shall be construed to require that group life insurance policies contain the same form of nonforfeiture provisions as are required for individual life insurance policies. Any policy of group life insurance may be delivered in this State which in the opinion of the commissioner contains provisions as favorable to the persons insured and to the policyholder as the following provisions and may be issued by any insurer of this State for delivery outside of this State when containing provisions in addition to or differing from the following provisions; provided, such policy conforms to the laws of the state or country in which it is delivered.

C.17B:27-10.1 Payment or denial of claim, time limits.

3. a. Notwithstanding any policy provision to the contrary, benefits under the policy shall become payable by reason of the death of the insured within 60 days after receipt of due proof of death and, at the insurer's option, proof of the interest of the claimant.

b. If a claim or a portion of a claim for benefits under a policy requires additional investigation or is denied by the insurer, the claimant shall be notified in writing no later than the 45th calendar day following receipt by the insurer of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer under the terms of the policy, that the claim, or a portion thereof, is subject to additional investigation or denied, and the reason the claim is being investigated or denied. Notwithstanding the provisions of this subsection b. to the contrary, the notice to the claimant for any claim which the insurer concludes, based upon its investigation and which conclusion is reasonably based upon the contents of the insurer's claim file, constitutes probable cause for fraud shall not be required to contain the specific reasons for the investigation. A conclusion of fraud that is not reasonably based upon the contents of the insurer's claim file, notwithstanding that the violation did not occur with such frequency as to indicate a general business practice, shall be a violation of section 1 of P.L.1975, c.101 (C.17B:30-13.1). Any uncontested portion of a claim shall be paid no later than the 60th calendar day following receipt of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer under the terms of the policy.

c. The insurer, upon receipt of any document or information requested relating to a claim or portion of a claim under investigation, shall pay the benefits for which the claim is made or deny the claim no later than the 90th calendar day following the receipt of the document or information.

d. Payment of a claim or a portion thereof that is not under investigation by the insurer shall be overdue if not remitted to the claimant by the insurer on or before the 60th calendar day following receipt of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer pursuant to the policy. Payment of a claim or a portion of a claim under investigation or denied that becomes eligible for payment shall be overdue if not remitted to the claimant by the insurer on or before the 90th calendar day following receipt of due proof of death, proof of the interest of the claimant, or any other document or information requested by the insurer. Overdue payments shall bear an annual rate of interest equal to the average rate of return of the State of New Jersey Cash Management Fund, established pursuant to section 1 of P.L. 1977, c. 281 (C. 52:18A-90.4), for the preceding fiscal year, rounded to the nearest one-half percent.

4. This act shall take effect on the 90th day after enactment.

Approved May 10, 2001.