

## CHAPTER 190

AN ACT concerning group life insurance, supplementing Title 17B of the New Jersey Statutes and repealing parts of the statutory law.

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

C.17B:27-68 Conditions for issuance, delivery of group life insurance.

1. Except as provided in section 2 of this act, no policy of group life insurance shall be delivered or issued for delivery in this State unless it meets one of the descriptions in subsections a. through h. of this section:

a. A policy issued to an employer, or to the trustees of a fund established by an employer, which employer or trustees shall be deemed the policyholder, to insure employees of the employer for the benefit of persons other than the employer, including the funding of employee benefit plans, subject to the following requirements:

(1) The employees eligible for insurance under the policy shall be all of the employees of the employer, or all of any class thereof. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietorships or partnerships if the business of the employer and of the affiliated corporations, proprietorships or partnerships is under common control. The policy may provide that the term "employees" shall include the individual proprietor or partners if the employer is an individual proprietorship or partnership. The policy may provide that the term "employees" may include retired employees, former employees and directors of a corporate employer.

(2) The premium for the policy shall be remitted by the policyholder either from the employer's funds or from funds contributed by the insured employees, or from both. Except as provided in paragraph (3) of this subsection, a policy on which no part of the premium is to be derived from funds contributed by the insured employees shall insure all eligible employees, except those who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

b. A policy issued to a creditor or its parent holding company or to a trustee or agent designated by two or more creditors, which creditor, holding company, affiliate, trustee or agent shall be deemed the policyholder, to insure debtors of the creditor subject to the following requirements:

(1) The debtors eligible for insurance under the policy shall be all of the debtors of the creditor, or all of any class thereof. The policy may provide that the term "debtors" shall include:

(a) Borrowers of money or purchasers or lessees of goods, services or property for which payment is arranged through a credit transaction;

(b) The debtors of one or more subsidiary corporations; and

(c) The debtors of one or more affiliated corporations, proprietorships or partnerships if the business of the policyholder and of the affiliated corporations, proprietorships or partnerships is under common control.

(2) The premium for the policy shall be remitted by the policyholder either from the creditor's funds, or from charges collected from the insured debtors, or from both. Except as provided in paragraph (3) of this subsection, a policy on which no part of the premium is to be derived from the funds contributed by insured debtors specifically for their insurance shall insure all eligible debtors.

(3) An insurer may exclude any debtors as to whom evidence of individual insurability is not satisfactory to the insurer.

(4) The amount of the insurance on the life of any debtor shall at no time exceed the greater of the scheduled or actual amount of unpaid indebtedness to the creditor, except that insurance written in connection with open-end credit having a credit limit exceeding \$10,000 may be in an amount not exceeding the credit limit.

(5) The insurance may be payable to the creditor or any successor to the right, title and interest of the creditor. The payment shall reduce or extinguish the unpaid indebtedness of the debtor to the extent of the payment and any excess of the insurance shall be payable to the estate of the insured.

(6) Notwithstanding the provisions of paragraphs (1) through (5) of this subsection, insurance on agricultural credit transaction commitments may be written up to the amount of the loan commitment on a non-decreasing or level term plan. Insurance on educational credit transactions commitments may be written up to the amount of the loan commitment less the amount of any repayments made on the loan.

c. A policy issued to a labor union, or similar employee organization, which shall be deemed to be the policyholder, to insure members of the union or organization for the benefit of persons other than the union or organization or any of its officials, representatives or agents, shall be subject to the following requirements:

(1) The members eligible for insurance under the policy shall be all of the members of the union or organization, or all of any class or classes thereof.

(2) The premium for the policy shall be remitted by the policyholder either from funds of the union or organization, or from funds contributed by the insured members specifically for their insurance, or from both. Except as provided in paragraph (3) of this subsection, a policy on which no part of the premium is to be derived from funds contributed by the insured members specifically for their insurance shall insure all eligible members, except those who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

d. A policy issued to a trust or to the trustees of a fund established or adopted by two or more employers, or by one or more labor unions or similar employee organizations, or by one or more employers and one or more labor unions or similar employee organizations, which trust or trustees shall be deemed the policyholder, to insure employees of the employers or members of the unions or organizations for the benefit of persons other than the employers or the unions or organizations, subject to the following requirements:

(1) The persons eligible for insurance shall be all of the employees of the employers or all of the members of the unions or organizations, or all of any class thereof. The policy may provide that the term "employees" shall include the employees of one or more subsidiary corporations, and the employees, individual proprietors, and partners of one or more affiliated corporations, proprietorships or partnerships if the business of the employer and of the affiliated corporations, proprietorships or partnerships is under common control. The policy may provide that the term "employees" shall include the individual proprietor or partners if the employer is an individual proprietorship or partnership. The policy may provide that the term "employees" shall include retired employees, former employees and directors of a corporate employer. The policy may provide that the term "employees" shall include the trustees or their employees, or both, if their duties are principally connected with the trusteeship.

(2) The premium for the policy shall be remitted by the policyholder from funds contributed by the employer of the insured persons, or by the union or similar employee organizations, or by both, or from funds contributed by the insured persons or from both the insured persons and the employers or unions or similar employee organizations. Except as provided in paragraph (3) of this subsection, a policy on which no part of the premium is to be derived from funds contributed by the insured persons specifically for their insurance shall insure all eligible persons, except those who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

e. (1) A policy issued to an association or to a trust or to the trustees of a fund established, created or maintained for the benefit of members of one or more associations. The association shall have at the outset a minimum of 100 persons; shall have been organized and maintained in good faith for purposes other than that of obtaining insurance; shall have been in active existence for at least two years; and shall have a constitution and by-laws which provide that the association hold regular meetings not less than annually to further purposes of the members; except for credit unions, the association, collect dues or solicit contributions from members; and the members have voting privileges and representation on the governing board and committees.

(2) The policy shall be subject to the following requirements:

(a) The policy may insure members of the association, employees thereof or employees of

members, or one or more of the preceding or all of any class thereof for the benefit of persons other than the employee's employer. The policy may provide that the term "employees" may include retired employees, former employees and directors of a corporate member of the association.

(b) The premium for the policy shall be remitted by the policyholder from funds contributed by the association, or by employer members, or by both, or from funds contributed by the covered persons or from both the covered persons and the associations, or employer members.

(c) Except as provided in subparagraph (d) of this paragraph, a policy on which no part of the premium is to be derived from funds contributed by the covered persons specifically for the insurance shall insure all eligible persons, except those who reject the coverage in writing.

(d) An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

f. A policy issued to a credit union or to a trustee or agent designated by two or more credit unions, which credit union, trustee or agent shall be deemed the policyholder, to insure members of the credit union for the benefit of persons other than the credit union, trustee or agent, or any of their officials, subject to the following requirements:

(1) The members eligible for insurance shall be all of the members of the credit union, or all of any class thereof.

(2) The premium for the policy shall be remitted by the policyholder from the credit union's funds and, except as provided in paragraph (3) of this section, shall insure all eligible members.

(3) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

g. A policy issued to a bank, savings and loan association, or other regulated financial institution or to a trustee or agent designated by two or more such financial institutions, or to a regulated issuer of a credit card, charge card or payment card used to buy goods or services, which shall be deemed policyholders, to insure the depositors, account holders or card holders of such policyholders. Such insurance shall be for the benefit of persons other than the policyholders or any of their officials. The insurance shall be subject to the following requirements:

(1) Those eligible for insurance shall be all of the depositors, account holders or card holders of the policyholder, or all of any class or classes thereof.

(2) The premium for the policy shall be remitted by the policyholder from funds contributed by the policyholder, or contributed by the insured persons, or contributed by both. Except as provided in paragraph (3) of this subsection, a policy on which no part of the premium is to be derived from funds contributed by the insured persons, shall insure all eligible persons, except those who reject the coverage in writing.

(3) An insurer may exclude or limit the coverage on any member as to whom evidence of individual insurability is not satisfactory to the insurer.

h. A policy issued to a duly incorporated State Policemen's Benevolent Association or Fraternal Order of Police, which association or order shall be deemed the policyholder, to insure members of the association or order for the benefit of persons other than the association, order or any of its officials, subject to the following requirements:

(1) The persons eligible for insurance under the policy shall be all of the members of the association or order or all of any class thereof determined by conditions pertaining to their employment, or the membership in the association, order or both.

(2) The premium for the policy shall be remitted by the policyholder wholly from the association's or order's funds. No policy may be issued on which any part of the premium is to be derived from funds contributed by the insured members specifically for their insurance. The policy must insure all eligible members, or all except any as to whom evidence of individual insurability is not satisfactory to the insurer.

(3) The policy must cover at least 10 members at date of issue.

(4) The amounts of insurance under the policy must be based upon some plan precluding individual selection either by the members or the association or order.

C.17B:27-69 Conditions for issuance, delivery of group life insurance to groups not included in C.17B:27-68..

2. a. Group life insurance offered to a resident of this State under a group life insurance policy issued to a group other than one described in section 1 of this act shall be subject to the requirements of this section.

b. A group life insurance policy shall not be delivered or issued for delivery in this State unless the commissioner finds that:

(1) The issuance of the group policy is not contrary to the best interest of the public;

(2) The issuance of the group policy would result in economies of acquisition or administration; and

(3) The benefits are reasonable in relation to the premiums charged.

c. Group life insurance coverage may not be offered in this State by an insurer under a policy issued in another state unless this State or another state having requirements substantially similar to those included in paragraphs (1), (2) and (3) of subsection b. of this section has made a determination that those requirements have been met.

d. The premium for the policy shall be remitted by the policyholder either from the policyholder's funds or from funds contributed by the covered persons, or from both.

e. An insurer may exclude or limit the coverage on any person as to whom evidence of individual insurability is not satisfactory to the insurer.

C.17B:27-70 Written notice to prospective insureds of noncompliance with C.17B:27-68; definitions.

3. a. With respect to a program of insurance which, if issued on a group basis, does not meet the requirements of section 1 of this act, the insurer shall cause to be distributed to prospective insureds a written notice that compensation shall or may be paid, if compensation of any kind shall or may be paid to:

(1) A policyholder or sponsoring or endorsing entity in the case of a group policy; or

(2) A sponsoring or endorsing entity in the case of individual, blanket or franchise policies marketed by means of direct response solicitation.

b. The notice shall be distributed:

(1) Whether compensation is direct or indirect; and

(2) Whether the compensation is paid to or retained by the policyholder or sponsoring or endorsing entity, or paid to or retained by a third party at the direction of the policyholder or sponsoring or endorsing entity, or an entity affiliated therewith by way of ownership, contract or employment.

c. The notice required by this section shall be placed on or accompany an application or enrollment form provided to prospective insureds.

d. For the purposes of this section:

(1) "Direct response solicitation" means a solicitation through a sponsoring or endorsing entity through the mails, telephone or other mass communications media; and

(2) "Sponsoring or endorsing entity" means an organization that has arranged for the offering of a program of insurance in a manner that communicates that eligibility for participation in the program is dependent upon affiliation with the organization or that it encourages participation in the program.

C.17B:27-71 Extension to dependents of group life insurance policy.

4. Except for a policy issued under subsection b. of section 1 of this act, a group life insurance policy may be extended to insure the employees or members against loss due to the death of their spouses, domestic partners and dependent children, and any other persons dependent upon the insured employees or members, or any class thereof, subject to the following:

a. The premium for the insurance shall be remitted by the policyholder either from funds contributed by the employer, union, association or other person to whom the policy has been issued, or from funds contributed by the covered persons, or from both. Except as provided in subsection b. of section 1 of this act, a policy on which no part of the premium for the spouse's,

domestic partner's, dependent child's and other dependent's coverage is to be derived from funds contributed by the covered persons shall insure all eligible employees or members with respect to their spouses, domestic partners, dependent children and other dependents, or any class thereof.

b. An insurer may exclude or limit the coverage on any spouse, domestic partner, dependent child or any other person dependent upon the insured employee or member as to whom evidence of individual insurability is not satisfactory to the insurer.

c. The amounts of insurance for any covered spouse, domestic partner, dependent child or any other person dependent upon the insured employee or member under the policy may not exceed 100% of the amount of insurance for which the employee or member is insured.

C.17B:27-72 Required provisions for delivery, issuance of group life insurance policy.

5. a. No policy of group life insurance shall be delivered or issued for delivery in this State unless it contains in substance the following provisions, or provisions which in the opinion of the Commissioner of Banking and Insurance are more favorable to the persons insured, or at least as favorable to the persons insured and more favorable to the policyholder. However, subsections g. through l. of this section shall not apply to policies insuring the lives of debtors; the standard provisions required for individual life insurance policies shall not apply to group life insurance policies; and if the group life insurance policy is on a plan of insurance other than the term plan, it shall contain a nonforfeiture provision which, in the opinion of the commissioner, is equitable to the insured persons and to the policyholder. Nothing herein shall be construed to require that group life insurance policies contain the same nonforfeiture provisions as are required for individual life insurance policies.

b. The policy shall contain a provision that the policyholder is entitled to a grace period of 31 days for the payment of any premium due except the first, during which grace period the death benefit coverage shall continue in force, unless the policyholder gives the insurer written notice of discontinuance in advance of the date of discontinuance and in accordance with the terms of the policy. The policy may provide that the policyholder shall be liable to the insurer for the payment of a pro rata premium for the time the policy was in force during the grace period.

c. The policy shall contain a provision that the validity of the policy shall not be contested except for nonpayment of premiums after it has been in force for two years from its date of issue; and that no statement made by any person insured under the policy relating to the person's insurability shall be used in contesting the validity of the insurance with respect to which the statement was made after the insurance has been in force prior to the contest for a period of two years during the person's lifetime or unless it is contained in a written instrument signed by the person.

d. The policy shall contain a provision that a copy of the application of the policyholder, if any, shall be attached to the policy when issued, that all statements made by the policyholder or by the persons insured shall be deemed representations and not warranties, and that no statement made by any person insured shall be used in any contest unless a copy of the instrument containing the statement is or has been furnished to the person or, in the event of death or incapacity of the insured person, to the insured person's beneficiary or personal representative.

e. The policy shall contain a provision setting forth the conditions, if any, under which the insurer reserves the right to require a person eligible for insurance to furnish evidence of individual insurability satisfactory to the insurer as a condition to part or all of his coverage.

f. The policy shall contain a provision specifying an equitable adjustment of premiums or benefits, or both, to be made in the event the age of a person insured has been misstated. The provision shall contain a clear statement of the method of adjustment to be made.

g. The policy shall contain a provision that any sum becoming due by reason of the death of the person insured shall be payable to the beneficiary designated by the person insured, except that, where the policy contains conditions pertaining to family status, the beneficiary may be the family member specified by the policy terms, subject to the provisions of the policy in the event there is no designated beneficiary, as to all or any part of the sum, living at the death of the person insured, and subject to any right reserved by the insurer in the policy and set forth in the

certificate to pay at its option a part of the sum not exceeding \$2,000 to any person appearing to the insurer to be equitably entitled to it by reason of having incurred funeral or other expenses incident to the last illness or death of the person insured.

h. The policy shall contain a provision that the insurer will issue to the policyholder, for delivery to each person insured, a certificate setting forth a statement as to the insurance protection to which the person is entitled, to whom the insurance benefits are payable, a statement as to any dependent's coverage included in the certificate, and the rights and conditions set forth in subsections i., j., k., and l. of this subsection.

i. The policy shall contain a provision that, if the insurance, or any portion of it, on a person covered under the policy or on the dependent of a person covered, ceases because of termination of employment or of membership in the class eligible for coverage under the policy or change to a class eligible for a smaller amount of insurance, the person shall be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made, and the first premium paid to the insurer, within 31 days after termination and provided further that:

(1) The individual policy shall, at the option of the person, be on any one of the forms then customarily issued by the insurer at the age and for the amount applied for, except that the group policy may exclude the option to elect term insurance;

(2) The individual policy shall be in an amount not in excess of the amount of life insurance that ceases because of termination, less the amount of any life insurance for which the person becomes eligible under the same or any other group policy within 31 days after termination, provided that any amount of insurance that shall have matured on or before the date of termination as an endowment payable to the person insured, whether in one sum or in installments or in the form of an annuity, shall not, for the purposes of this provision, be included in the amount that is considered to cease because of termination; and

(3) The premium on the individual policy shall be at the insurer's then customary rate applicable to the form and amount of the individual policy, to the class of risk to which the person then belongs, and to the individual age attained on the effective date of the individual policy. Subject to the conditions established in paragraphs (1) and (2) of this subsection, the conversion privilege shall be available:

(a) To a surviving dependent, if any, at the death of the employee or member, with respect to the coverage under the group policy that terminates by reason of the death; and

(b) To the dependent of the employee or member upon termination of coverage of the dependent, while the employee or member remains insured under the group policy, by reason of the dependent ceasing to be a qualified family member under the group policy.

j. The policy shall contain a provision that if the group policy terminates or is amended so as to terminate the insurance of any class of insured persons, every person insured thereunder at the date of termination whose insurance terminates, including the insured dependent of a covered person, and who has been so insured under a group policy for at least five years prior to the termination date, shall be entitled to have issued by the insurer an individual policy of life insurance, subject to the same conditions and limitations as are provided by subsection i. of this section, except that the group policy may provide that the amount of the individual policy shall not exceed the smaller of:

(1) The amount of the person's life insurance protection ceasing because of the termination or amendment of the group policy, less the amount of any life insurance for which the person is or becomes eligible under a group policy issued or reinstated by the same or another insurer within 31 days after termination; or

(2) \$10,000.

k. The policy shall contain a provision that, if a person insured under the group policy, or the insured dependent of a covered person, dies during the period within which the individual would have been entitled to have an individual policy issued in accordance with subsection i. or j. of this section and before the individual policy shall have become effective, the amount of life insurance which he would have been entitled to have issued under the individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy

or the payment of the first premium therefor had been made.

1. Where active employment is a condition of insurance, the policy shall contain a provision that an insured may continue coverage during the insured's total disability by timely payment to the policyholder of that portion, if any, of the premium that would have been required from the insured had total disability not occurred. The continuation shall be on a premium paying basis for a period of six months from the date on which the total disability started, but not beyond the earlier of:

(1) Approval by the insurer of continuation of the coverage under any disability provision which the group insurance policy may contain; or

(2) The discontinuance of the group insurance policy.

m. In the case of a policy insuring the lives of debtors, the policy shall contain a provision that the insurer shall furnish to the policyholder for delivery to each debtor insured under the policy a certificate of insurance describing the coverage and specifying that the death benefit shall first be applied to reduce or extinguish the indebtedness.

n. In participating policies, there shall be a provision that the policy shall participate in the divisible surplus of the insurer as determined by the insurer and that the insurer shall determine annually the extent of such participation, if any; and that the policyholder shall have the right to any dividend arising from the participation paid in cash unless another dividend option contained in the policy has been elected.

o. In the case of a policy which provides that each insured debtor whose protection under the group insurance policy terminates by reason of absolute assignment by the creditor of the insured debtor's indebtedness for the discharge of which the debtor had agreed upon installment payments over a period of more than 10 years, there shall be a provision that each insured debtor shall be entitled to have issued to him by the insurer, without evidence of insurability, upon application made to the insurer and upon the payment of the premium applicable to the class of risk to which he belongs and to the form and amount of the policy at his then attained age within 31 days after that assignment of the indebtedness, an individual policy of life insurance; provided, the individual policy of life insurance so issued shall be in any one of the level premium forms customarily issued by the insurer, except term insurance, in an amount equal to the amount of his protection terminated under the group insurance policy because of the assignment, less the amount of insurance for which the insured debtor may become eligible and qualify under any group insurance policy in effect with the assignee at the date of the assignment or issued to the assignee within that period of 31 days; and provided further, that in the event that the assignment of the indebtedness shall have been made by the creditor at the request of the insured debtor, the insurer may require satisfactory evidence of the debtor's insurability before making the individual policy of life insurance effective. If the insured debtor dies during the period within which he would have been entitled to have an individual policy issued to him in accordance with this provision and before such an individual policy shall have become effective, the amount of life insurance which he would have been entitled to have issued to him under that individual policy shall be payable as a claim under the group policy, whether or not application for the individual policy or the payment of the first premium therefor has been made.

C.17B:27-73 Issuance, delivery of individual policy of life insurance.

6. If an individual insured under a group insurance policy hereafter delivered or issued for delivery in this State becomes entitled under the terms of the policy to have an individual policy of life insurance issued without evidence of insurability, subject to making application and payment of the first premium within the period specified in the policy, and if the individual is not given notice of the existence of the right at least 15 days prior to the expiration date of the period, then the individual shall have an additional period within which to exercise the right, but nothing herein contained shall be construed to continue any insurance beyond the period provided in the policy. This additional period shall expire 15 days after the individual is given notice but in no event shall the additional period extend beyond 60 days after the expiration date of the period provided in the policy. Written notice presented to the individual or mailed by the policyholder to the last known address of the individual or mailed by the insurer to the last known address of the individual as furnished by the policyholder shall constitute notice for the

purpose of this section.

C.17B:27-74 Filing of form required for delivery, issuance of group life insurance.

7. a. No group life insurance policy, or application, if a written application is required and is to be made a part of the policy, certificate, printed rider or endorsement for use with the policy, shall be delivered or issued for delivery in this State unless the form has been filed with the Commissioner of Banking and Insurance for approval in accordance with the provisions of section 16 of P.L.1995, c.73 (C.17B:25-18.2).

b. If a form is disapproved for filing by the commissioner during the 60-day period provided in section 16 of P.L.1995, c.73 (C.17B:25-18.2), it may not be delivered or issued for delivery unless it is resubmitted and approved in accordance with the provisions of subsections b., c., and d., of section 16 of P.L.1995, c.73 (C.17B:25-18.2). Such disapproval shall be subject to review in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.).

c. Any form which is filed by the commissioner or deemed filed may be so delivered or issued for delivery until such time as any subsequent withdrawal of the filing by the commissioner, following an opportunity for a hearing held in accordance with the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), becomes final in accordance therewith.

d. This section shall not apply to documents which relate only to the manner of distribution of benefits or to the reservation of rights and benefits under group life insurance policies and which are used at the request of the individual insured or policyholder.

e. The disapproval by the commissioner of any form may be on the grounds that the form contains provisions which are unjust, unfair, inequitable, misleading, or contrary to law or to the public policy of this State.

C.17B:27-75 Payment of benefits.

8. a. Notwithstanding any policy provision to the contrary, benefits under a group life insurance policy subject to this act shall become payable by reason of the death of the insured within 60 days after the 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 45 days 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 shall be a violation of section 1 of P.L.1975, c.101 (C.17B:30-13.1), notwithstanding that the violation did not occur with such frequency as to indicate a general business practice. Any uncontested portion of a claim shall be paid no later than 60 days 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 90 days 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 60 days 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 90 days 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.

Repealer.

9. The following are repealed:  
N.J.S.17B:27-1 through N.J.S.17B:27-25, inclusive;  
Section 1 of P.L.1975, c.197 (C.17B:27-1.1); and  
Section 3 of P.L.2001, c.91 (C.17B:27-10.1).

10. This act shall take effect on January 1, 2005

Approved August 18, 2005.