

CHAPTER 236

AN ACT concerning life insurance and supplementing Title 17B of the New Jersey Statutes.

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

C.17B:17-26 Definitions relative to life insurance.

1. As used in this act:

“Account” means any mechanism, whether denoted as a retained asset account or otherwise, whereby the settlement of proceeds payable to a beneficiary under a policy is accomplished by the insurer or an entity acting on behalf of the insurer where the proceeds are retained by the insurer pursuant to a supplementary contract not involving annuity benefits other than death benefits.

“Commissioner” means the Commissioner of Banking and Insurance.

“Death index” means the death master file maintained by the United States Social Security Administration or any other database or service that is at least as comprehensive as the death master file maintained by the United States Social Security Administration and that is acceptable to the commissioner.

“Insured” means an individual covered by a policy or an annuitant when the annuity contract provides for benefits to be paid or other monies to be distributed upon the death of the annuitant.

“Insurer” means a life insurance company or fraternal benefit society that is required to file an annual financial audit pursuant to N.J.A.C.11:2-26.4.

“Policy” means a life insurance policy, an annuity contract, a certificate under a life insurance policy, or a certificate issued by a fraternal benefit society, under which benefits are to be paid upon the death of the insured, and which is issued on or after the effective date of this act.

C.17B:17-27 Applicability of act.

2. a. This act shall apply to:

(1) every policy issued by a domestic insurer in this State and any account established under or as a result of that policy; and

(2) every policy delivered or issued for delivery in New Jersey by an authorized foreign insurer and any account established under or as a result of that policy.

b. Notwithstanding subsection a. of this section, with respect to a policy delivered or issued for delivery outside this State, a domestic insurer may, in lieu of the requirements of this act, implement procedures that meet the minimum requirements of the state in which the policy was delivered or issued, provided that the commissioner concludes that those other requirements are no less favorable to the policy owner and beneficiary than those required by this act.

C.17B:17-28 Use of death index by insurer.

3. a. Every insurer shall use the death index to cross-check every policy and account subject to this act no less frequently than on a semi-annual basis, except as specified in section 6 of this act. An insurer may perform the cross-check using the updates made to the death index since the date of the last cross-check performed by the insurer, provided that the insurer performs the cross-check using the entire death index at least once. The commissioner may promulgate rules and regulations that allow an insurer to perform the cross-checks less frequently than semi-annually.

b. The cross-checks shall be performed using the social security number, the name, and date of birth of the insured or account holder.

c. If an insurer only has a partial name, social security number, date of birth, or combination thereof, of the insured or account holder under a policy or account, the insurer shall use the available information to perform the cross check.

d. Every insurer shall implement reasonable procedures to account for common variations in data that would otherwise preclude an exact match with a death index.

C.17B:17-29 Action of insurer upon receiving notice of death.

4. Upon receiving notification of the death of an insured or account holder or in the event of a match made by a death index cross-check pursuant to section 3 of this act, an insurer shall search every policy or account subject to this act to determine whether the insurer has any other policies or accounts for the insured or account holder.

C.17B:17-30 Procedures to confirm death, location, notification of beneficiaries.

5. a. An insurer shall establish procedures to reasonably confirm the death of an insured or account holder and begin to locate beneficiaries within 90 days after the identification of a potential match made by a death index cross-check or by a search conducted by the insurer pursuant to section 4 of this act. For those potential matches identified as a result of a death index match, the insurer shall, within 90 days of a death index match, complete a good faith effort, which shall be documented by the insurer, to locate the beneficiary or beneficiaries.

b. Once the beneficiary or beneficiaries under the policy or account have been located, the insurer shall provide to the beneficiary or beneficiaries the information necessary to make a claim pursuant to the terms of the policy or account. The insurer shall process all claims and make prompt payments and distributions in accordance with all applicable laws, rules, and regulations.

c. Nothing in this act shall be construed to prevent an insurer from requiring satisfactory proof of loss, such as a death certificate, for the purpose of verifying the death of the insured.

C.17B:17-31 Inapplicability of act.

6. This act shall not apply to:

a. any account or policy issued to a group master policyholder in which the insurer does not maintain records on its administrative systems containing the information necessary to comply with the requirements of this act;

b. any account, policy, or certificate that provides a death benefit under an employee benefits, government or church plan subject to or as defined under the Employee Retirement Income Security Act of 1974 (29 U.S.C. s.1002) or any other federal employee benefit program;

c. any policy or certificate of life insurance that is used to fund a preneed funeral contract or prearrangement;

d. any policy or certificate of credit life or accidental death insurance; or

e. any other circumstance as determined to be appropriate by the commissioner.

7. This act shall take effect on the first day of the sixth month following enactment, provided that the commissioner may take such anticipatory action as necessary to effectuate the purposes of the act.

Approved September 13, 2017.