

A Life Line for Life Insurance Proceeds

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Sometimes, the most critical part of practicing law can be staying the course. We recently counseled a client, a widow, whose husband had failed to make payments on a life insurance policy for a couple months preceding his death. During the time period in question, the decedent had been suffering from advanced cancer, and the insurer had sent what it alleged to be non-payment/cancellation notices.

As a general principle, a serious question exists as to whether mere illness will excuse the failure to pay premiums on a life insurance policy. But, part of our job is to press ahead, and to unearth some basis of relief for our clients. We also believed, upon careful review, that the purported non-payment/cancellation notices sent by the insurer might be insufficient. In reviewing the applicable state regulations governing insurance policies, we determined that the payment notices would have needed to include the word “cancelled,” and in this case, that critical word was omitted from the notices. Our courts have taken a very dim view and refused to enforce cancellation notices that are not expressly clear. *Miller v. Reis*, 189 N.J. Super. 437 (App. Div. 1983).

In fact, through our diligence and knowledge of the law, we located a case from the 1800s that we felt applied to our client's situation, *Hillyard v. Mutual Ben. Life Ins. Co.*, 35 N.J.L. 414 (1872), addressing an insured's inability to pay premiums due to an act of god. In *dicta*, the Court stated: “if the performance of the promise has become impossible by the act of god, as by a **visitation of a grievous sickness, it would have been an excuse for non-performance.**” *Hillyard*, 35 N.J.L. at 419 (emphasis add).

Based on our research and by leaving no stone unturned and pressing ahead, we successfully negotiated a highly satisfactory resolution of the insurance company's obligation, securing a comfortable future for our client.