



Andrew Hamelsky Comments on NJ 'Stranger' Life Policy Decision in Law360

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Andrew Hamelsky, Vice Chair of the Life, Health, Disability and ERISA Group, was interviewed by *Law360* regarding the Supreme Court of New Jersey's June 4th ruling on *Sun Life Assurance Co. of Canada and Wells Fargo Bank, NA*. The court decided that Stranger-Originated Life Insurance (STOLI) policies which are procured with no "insurable interest" in the life of the insured are valid. In *Sun Life*, the insured's grandson signed a \$5 million insurance policy as a trustee with Sun Life, the remaining members of the trust were all strangers to the insured. Sun Life was under the impression that the insured made more than \$600,000 and had a net worth of over \$9 million. However, her income was actually \$3,000 a month and her estate was valued at no more than \$250,000.

"If you have a clear-cut fraud case, the insurance company won't have to return the premiums," he said. "That could add another layer of deterrence [for STOLI transactions]."

In *Sun Life*, it was made clear that the trustee's had no interest in the life of the insured and the policy was therefore invalid at the outset.

Read the full article (subscription required).

For further background, you can read Andrew's alert "NJ Supreme Court Rules STOLI Policies Violate Public Policy and Void at the Outset."

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Practice Areas

Life, Health, Disability and ERISA