

ASSEMBLY, No. 5695

STATE OF NEW JERSEY

222nd LEGISLATURE

INTRODUCED OCTOBER 19, 2026

Sponsored by:

Assemblyman VINCENT M. "VINNIE" KEARNEY
District 21 (Middlesex, Morris, Somerset and Union)

SYNOPSIS

Revises “Structured Settlement Protection Act” and adds additional consumer protections.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning structured settlements and amending
2 and supplementing P.L.2001, c.139 (C.2A:16-63 et seq.).

3
4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6
7 1. Section 2 of P.L.2001, c.139 (C.2A:16-64) is amended to
8 read as follows:

9 2. For the purposes of **[this act]** P.L.2001, c.139 (C.2A:16-63
10 et seq.) and P.L. , c. (C.) (pending before the Legislature as
11 this bill):

12 “Annuity issuer” means an insurer that has issued a contract to
13 fund periodic payments under a structured settlement.

14 “Commissioner” means the Commissioner of Banking and
15 Insurance.

16 “Dependents” includes a payee's spouse and minor children and
17 all other persons for whom the payee is legally obligated to provide
18 support, including alimony.

19 “Discounted present value” means the present value of future
20 payments determined by discounting those payments to the present
21 using the most recently published applicable federal rate for
22 determining the present value of an annuity, as issued by the United
23 States Internal Revenue Service.

24 “Effective annual interest rate” means the effective rate of
25 interest per year the payee will be paying the transferee based on
26 the net advance amount that a payee will receive from the transferee
27 and the amounts and timing of the structured settlement payments
28 that the payee is transferring to the transferee.

29 “Gross advance amount” means the sum payable to the payee or
30 for the payee's account as consideration for a transfer of structured
31 settlement payment rights before any reductions for transfer
32 expenses or other deductions to be made from that consideration.

33 “Independent professional advice” means advice of an attorney,
34 certified public accountant, actuary or other licensed professional
35 adviser.

36 “Interested parties” means, with respect to any structured
37 settlement, the payee, any beneficiary irrevocably designated under
38 the annuity contract to receive payments following the payee's
39 death, the annuity issuer, the structured settlement obligor, and any
40 other party that has continuing rights or obligations under the
41 structured settlement.

42 “Net advance amount” means the gross advance amount less the
43 aggregate amount of the actual and estimated transfer expenses
44 required to be disclosed under subsection e. of section 3 of **[this**
45 **act]** P.L.2001, c.139 (C.2A:16-65).

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

Matter underlined thus is new matter.

1 “Payee” means an individual who is receiving tax free payments
2 under a structured settlement and proposes to make a transfer of
3 payment rights thereunder.

4 “Periodic payments” includes both recurring payments and
5 scheduled future lump sum payments.

6 “Qualified assignment agreement” means an agreement
7 providing for a qualified assignment within the meaning of 26
8 U.S.C. s.130.

9 “Responsible administrative authority” means, with respect to a
10 structured settlement, any government authority vested by law with
11 exclusive jurisdiction over the settled claim resolved by the
12 structured settlement.

13 “Settled claim” means the original tort claim or workers'
14 compensation claim resolved by a structured settlement.

15 “Structured settlement” means an arrangement for periodic
16 payment of damages for personal injuries or sickness established by
17 settlement or judgment in resolution of a tort claim or for periodic
18 payments in settlement of a workers' compensation claim.

19 “Structured settlement agreement” means the agreement,
20 judgment, stipulation or release embodying the terms of a structured
21 settlement.

22 “Structured settlement obligor” means, with respect to any
23 structured settlement, the party that has the continuing obligation to
24 make periodic payments to the payee under a structured settlement
25 agreement or a qualified assignment agreement.

26 “Structured settlement payment rights” means rights to receive
27 periodic payments under a structured settlement, whether from the
28 structured settlement obligor or the annuity issuer, if:

29 (1) the payee is domiciled in, or the domicile or principal place
30 of business of the structured settlement obligor or the annuity issuer
31 is located in, this State; or

32 (2) the structured settlement agreement was approved by a court
33 or responsible administrative authority in this State; or

34 (3) the structured settlement agreement is expressly governed by
35 the laws of this State.

36 “Structured settlement purchase company” means a person who
37 acts as a transferee in the State and who is registered with the
38 commissioner pursuant to section 9 of P.L. , c. (C.)
39 (pending before the Legislature as this bill).

40 “Structured settlement transfer proceeding” means a court
41 proceeding initiated by the filing of an application by a structured
42 settlement purchase company seeking court approval of a transfer in
43 accordance with P.L. , c. (C.) (pending before the
44 Legislature as this bill).

45 “Terms of the structured settlement” include, with respect to any
46 structured settlement, the terms of the structured settlement
47 agreement, the annuity contract, any qualified assignment
48 agreement and any order or other approval of any court or

1 responsible administrative authority or other government authority
2 that authorized or approved the structured settlement.

3 “Transfer” means any sale, assignment, pledge, hypothecation or
4 other alienation or encumbrance of structured settlement payment
5 rights made by a payee for consideration; except that the term
6 "transfer" does not include the creation or perfection of a security
7 interest in structured settlement payment rights under a blanket
8 security agreement entered into with an insured depository
9 institution, in the absence of any action to redirect the structured
10 settlement payments to the insured depository institution, or an
11 agent or successor in interest thereof, or otherwise to enforce the
12 blanket security interest against the structured settlement payment
13 rights.

14 “Transfer agreement” means the agreement providing for a
15 transfer of structured settlement payment rights.

16 “Transfer expenses” means all expenses of a transfer that are
17 required under the transfer agreement to be paid by the payee or
18 deducted from the gross advance amount, including, without
19 limitation, court filing fees, attorneys' fees, escrow fees, lien
20 recordation fees, judgment and lien search fees, finders' fees,
21 commissions, and other payments to a broker or other intermediary;
22 "transfer expenses" does not include preexisting obligations of the
23 payee payable for the payee's account from the proceeds of a
24 transfer.

25 “Transferee” means a party acquiring or proposing to acquire
26 structured settlement payment rights through a transfer.
27 (cf. PL.2001, c.139, s.2.)
28

29 2. Section 3 of P.L.2001, c.139 (C.2A:16-65) is amended to
30 read as follows.

31 3. Not less than **【three】** 10 days prior to the date on which a
32 payee signs a transfer agreement, the transferee shall provide to the
33 payee a separate disclosure statement, in bold type no smaller than
34 14 points, setting forth:

35 a. the amounts and due dates of the structured settlement
36 payments to be transferred;

37 b. the aggregate amount of the payments;

38 c. the discounted present value of the payments to be
39 transferred, which shall be identified as the "calculation of current
40 value of the transferred structured settlement payments under
41 federal standards for valuing annuities" and the amount of the
42 applicable federal rate used in calculating the discounted present
43 value;

44 d. the gross advance amount;

45 e. an itemized listing of all applicable transfer expenses, other
46 than attorneys' fees and related disbursements payable in connection
47 with the transferee's application for approval of the transfer, and the

1 transferee's best estimate of the amount of any of those fees and
2 disbursements;

3 f. the net advance amount;

4 g. the amount of any penalties or liquidated damages payable
5 by the payee in the event of any breach of the transfer agreement by
6 the payee; **[and]**

7 h. a statement that the payee has the right to cancel the transfer
8 agreement, without penalty or further obligation, not later than the
9 third business day after the date the agreement is signed by the
10 payee **[.]**;

11 i. (1) that the payee has the right to seek and receive
12 independent professional advice regarding the proposed transfer and
13 should consider doing so before agreeing to the transfer of any
14 structured settlement payment rights; and

15 (2) the notice shall also contain the following: "It is prohibited
16 for us to refer you to a specific professional adviser. We may refer
17 you to a State or local referral service, bar association, legal aid, or
18 any other entity unrelated to us which assisted persons locating
19 independent professional advice if requested;"

20 j. that the payee has the right to seek out and consider
21 additional offers for transferring the structured settlement payment
22 rights; and

23 k. the effective annual interest rate, which shall be disclosed in
24 a statement in the following form: "On the basis of the net amount
25 that you will receive and the amounts and timing of the structured
26 settlement payments that you are transferring, you will, in effect be
27 paying interest at a rate of ___ per year."

28 (cf. P.L.2001, c.139, s.3)

29
30 3. Section 4 of P.L.2001, c.139 (C.2A:16-66) is amended as
31 follows:

32 4. a. No direct or indirect transfer of structured settlement
33 payment rights shall be effective and no structured settlement
34 obligor or annuity issuer shall be required to make any payment
35 directly or indirectly to any transferee of structured settlement
36 payment rights unless the transfer has been approved in advance in
37 a final court order or order of a responsible administrative authority
38 based on express findings by the court or responsible administrative
39 authority that:

40 **[a.]** (1) the transfer is in the best interest of the payee**[,**
41 taking into account the welfare and support of the payee's
42 dependents**]**;

43 **[b.]** (2) the payee has been advised in writing by the
44 transferee to seek independent professional advice regarding the
45 legal, tax, and financial implications of the transfer and has either
46 received the advice or knowingly waived the right to seek that
47 advice in writing; and

1 **[c.]** (3) the transfer does not contravene any applicable
2 statute or the order of any court or other government authority.

3 b. In determining whether a proposed transfer is in the best
4 interest of the payee pursuant to paragraph (1) of subsection a. of
5 this section, the courts shall take into consideration the welfare and
6 support of the payee's dependents, if any. The court shall also
7 consider:

8 (1) the reasonable preference of the payee, in light of the
9 payee's age, mental capacity, maturity level, understanding of the
10 terms of the agreement and stated purpose of the transfer;

11 (2) if the periodic payments were intended to cover future
12 income losses or future medical expenses, whether the payee has
13 means of support aside from the structured settlement to meet these
14 obligations;

15 (3) whether the payee can meet the financial needs of, and
16 obligations to, the payee's dependents if the transfer is allowed to
17 proceed, including child support and spousal maintenance;

18 (4) whether the payee completed previous transactions involving
19 the payee's structured settlement payment rights, and the timing,
20 amount, stated purpose, and actual use of the funds;

21 (5) the impact of the proposed transfer on current or future
22 eligibility of the payee or the payee's dependents for public
23 benefits; and

24 (6) any other factors or facts the court determines to be relevant.

25 c. No direct or indirect transfer of a payee's structured
26 settlement payment rights by a payee's conservator, if a conservator
27 has been appointed shall be effective and no structured settlement
28 obligor or annuity issuer shall be required to make a payment
29 directly or indirectly to a transferee or assignee of structured
30 settlement payment rights unless, in addition to the findings
31 required under this section, the court also finds that the proceeds of
32 the proposed transfer would be applied solely for the benefit of the
33 payee.

34 d. No direct or indirect transfer of a minor's structured
35 settlement payment rights by a parent, conservator, or guardian
36 shall be effective and no structured settlement obligor or annuity
37 issuer shall be required to make a payment directly or indirectly to a
38 transferee or assignee of structured settlement payment rights
39 unless, in addition to the findings required under this section, the
40 court also finds that:

41 (1) the proceeds of the proposed transfer are to be applied solely
42 for support, care, education, health, and welfare of the minor payee;
43 and

44 (2) any excess proceeds are to be preserved for the future
45 support, care, education, health, and welfare of the minor payee and
46 transferred to the minor payee upon emancipation.

47 e. The final court order shall expressly state that the best
48 interest factors enumerated in subsection b. of this section have

1 been considered, and if the court approves the transfer of payment
2 rights, the order shall state that the court finds that it is in the best
3 interest of the payee to approve the transfer.

4 (cf. P.L.2001, c.139, s.4)

5
6 4. Section 5 of P.L.2001, c.139 (C.2A:16-67) is amended to
7 read as follows:

8 5. Following a transfer of structured settlement payment rights
9 under this act:

10 a. The structured settlement obligor and the annuity issuer may
11 rely on the court approving the transfer in redirecting periodic
12 payments to an assignee or transferee in accordance with the order
13 approving the transfer and shall, as to all parties except the
14 transferee, or an assignee designated by the transferee, be
15 discharged and released from any and all liability for the
16 【transferred】 redirected payments. A discharge and release shall
17 not be affected by the failure of any party to the transfer to comply
18 with P.L.2001, c.139 (C.2A:16-63 et seq.) or P.L. , c. (C.)
19 (pending before the Legislature as this bill) or with the court order
20 approving the transfer;

21 b. The transferee shall be liable to the structured settlement
22 obligor and the annuity issuer:

23 (1) if the transfer contravenes the terms of the structured
24 settlement, for any taxes incurred by those parties as a consequence
25 of the transfer; and

26 (2) for any other liabilities or costs, including reasonable costs
27 and attorneys' fees, arising from compliance by those parties with
28 the order of the court or responsible administrative authority or
29 arising as a consequence of the transferee's failure to comply with
30 【this act】 P.L.2001, c.139 (C.2A:16-63 et seq.) or P.L. , c.
31 (C.) (pending before the Legislature as this bill);

32 c. Neither the annuity issuer nor the structured settlement
33 obligor shall be required to divide any periodic payment between
34 the payee and any transferee or assignee or between two or more
35 transferees or assignees; and

36 d. Any further transfer of structured settlement payment rights
37 by the payee shall be made in compliance with all of the
38 requirements of 【this act】 P.L.2001, c.139 (C.2A:16-63 et seq.) or
39 P.L. , c. (C.) (pending before the Legislature as this bill).
40 (cf. P.L.2001, c.139, s.5)

41
42 5. Section 6 of P.L.2001, c.139 (C.2A:16-68) is amended to
43 read as follows.

44 6. a. An application under 【this act】 P.L.2001, c.139
45 (C.2A:16-63 et seq.) to a court or responsible administrative
46 authority for approval of a transfer of structured settlement payment
47 rights shall be made by the transferee and may be brought in the
48 【jurisdiction】 Superior Court of New Jersey of the county in which

1 the payee resides, **[in the jurisdiction in which the structured**
2 **settlement obligor or the annuity issuer maintains its principal place**
3 **of business,]** or in any court or before any responsible
4 administrative authority which approved the structured settlement
5 agreement if the payee is not a resident of this State.

6 b. For applications made on or after January 1, 2024, for the
7 approval of a transfer of structured settlement payment rights
8 pursuant to P.L.2001, c.139 (C.2A:16-63 et seq.) and P.L. , c.
9 (C.) (pending before the Legislature as this bill), the
10 application of the transferee shall include evidence that the
11 transferee is registered to do business in this State as a structured
12 settlement purchase company.

13 c. (1) A timely hearing shall be held on an application for
14 approval of a transfer of structured settlement payment rights. The
15 payee shall appear in person at the hearing unless the court
16 determines that good cause exists to excuse the payee from
17 appearing in person.

18 **[b.] d.** Not less than 20 days prior to the scheduled hearing
19 on any application for approval of a transfer of structured settlement
20 payment rights under section 4 of **[this act]** P.L.2001, c.139
21 (C.2A:16-66), the transferee shall file with the court or responsible
22 administrative authority and serve on all interested parties a notice
23 of the proposed transfer and the application for its authorization,
24 including with the notice:

25 (1) a copy of the transferee's application;

26 (2) a copy of the transfer agreement;

27 (3) a copy of the disclosure statement required under section 3
28 of **[this act]** P.L.2001, c.139 (C.2A:16-65);

29 (4) the payee's name, age, and county of domicile;

30 (5) a listing of each of the payee's dependents, together with
31 each dependent's age;

32 **[(5)] (6)** any prior transfers by the payee to the transferee or
33 an affiliate, or through the transferee or an affiliate to an assignee
34 which were approved;

35 (7) any proposed transfers by the payee to the transferee or an
36 affiliate, or through the transferee or an affiliate;

37 (8) any applications for approval made by the transferee or an
38 affiliate, or through the transferee or an affiliate to an assignee,
39 which were denied;

40 (9) a sworn affidavit from the transferee listing any prior
41 transfers by the payee that includes the details of the reasonable
42 measures taken to search for and identify prior transfers to any
43 person or entity other than the transferee or an affiliate or an
44 assignee of the transferee and any prior proposed transfer
45 applications by the payee to any person or entity other than the
46 transferee or an affiliate or an assignee of a transferee or affiliate
47 which were denied;

1 (10) an affidavit from the payee disclosing all prior transfers by
2 the payee to any person or entity;

3 (11) notification that any interested party is entitled to support,
4 oppose or otherwise respond to the transferee's application, either in
5 person or by counsel, by submitting written comments to the court
6 or responsible administrative authority or by participating in the
7 hearing; and

8 **[(6)]** (12) notification of the time and place of the hearing and
9 notification of the manner in which, and the time by which, written
10 responses to the application shall be filed, which shall be not less
11 than 15 days after service of the transferee's notice, in order to be
12 considered by the court or responsible administrative authority.

13 e. If the payee cancels a transfer agreement or if the transfer
14 agreement otherwise terminates, after an application for approval of
15 a transfer of structured settlement payment rights has been filed and
16 before it has been granted or denied, the transferee shall promptly
17 request the dismissal of the application.

18 (cf. P.L.2001,c.139,s.6)

19
20 6. Section 7 of P.L.2001, c.139 (C.2A:16-69) is amended to
21 read as follows:

22 7. a. The provisions of **[this act]** P.L.2001, c.139 (C.2A:16-63
23 et seq.) and P.L. , c. (C.) (pending before the Legislature as
24 this bill) shall not be waived by any payee.

25 b. Any transfer agreement entered into **[on or after the**
26 **effective date of this act]** by a payee who resides in this State shall
27 provide that disputes under the transfer agreement, including any
28 claim that the payee has breached the agreement, shall be
29 determined in and under the laws of this State. No transfer
30 agreement shall authorize the transferee or any other party to
31 confess judgment or consent to entry of judgment against the payee.

32 c. No transfer of structured settlement payment rights shall
33 extend to any payments that are life-contingent unless, prior to the
34 date on which the payee signs the transfer agreement, the transferee
35 has established and has agreed to maintain procedures reasonably
36 satisfactory to the annuity issuer and the structured settlement
37 obligor for: (1) periodically confirming the payee's survival; and (2)
38 giving the annuity issuer and the structured settlement obligor
39 prompt written notice in the event of the payee's death.

40 d. No payee who proposes to make a transfer of structured
41 settlement payment rights shall incur any penalty, forfeit any
42 application fee or other payment, or otherwise incur any liability to
43 the proposed transferee or any assignee based on any failure of the
44 transfer to satisfy the conditions of this act.

45 e. Nothing contained in **[this act]** P.L.2001, c.139 (C.2A:16-63
46 et seq.) and P.L. , c. (C.) (pending before the Legislature as
47 this bill) shall be construed to authorize any transfer of structured

1 settlement payment rights in contravention of any law【 or to imply
2 that any transfer under a transfer agreement entered into prior to the
3 effective date of this act is valid or invalid】.

4 f. Compliance with the requirements set forth in section 3 of
5 【this act】 P.L.2001, c.139 (C.2A:16-65) and P.L. , c. (C.)
6 (pending before the Legislature as this bill) and fulfillment of the
7 conditions set forth in section 4 of 【this act】 P.L.2001, c.139
8 (C.2A:16-66) shall be solely the responsibility of the transferee in
9 any transfer of structured settlement payment rights, and neither the
10 structured settlement obligor nor the annuity issuer shall bear any
11 responsibility for, or any liability arising from, non-compliance
12 with those requirements or failure to fulfill those conditions.
13 (cf. P.L.2001, c.139, s.7)

14
15 7. (New section) a. A transferee or structured settlement
16 purchase company and an employee or other representative of a
17 transferee or structured purchase company shall not engage in the
18 following actions:

19 (1) purchase or complete a transfer with a payee without
20 complying with all application provisions of P.L.2001, c.139
21 (C.2A:16-63 et seq.) and P.L. , c. (C.) (pending before the
22 Legislature as this bill);

23 (2) refuse or fail to fund a transfer after court approval of the
24 transfer;

25 (3) acquire structured settlement payment rights from a payee
26 without complying with all applicable provisions in P.L.2001, c.139
27 (C.2A:16-63 et seq.) and P.L. , c. (C.) (pending before the
28 Legislature as this bill), including court approval of the transfer;

29 (4) intentionally file a structured settlement transfer proceeding
30 in any court other than the court specified in section 6 of P.L.2001,
31 c.139 (C.2A:16-68);

32 (5) except as otherwise provided in P.L.2001, c.139 (C.2A:16-
33 63 et seq.) and P.L. , c. (C.) (pending before the
34 Legislature as this bill), pay a commission or finder's fee to any
35 person for facilitating or arranging a structured settlement with a
36 payee. The provisions of this paragraph do not prevent a structured
37 settlement purchase company from paying:

38 (a) a commission or finder's fee to a person who is a structured
39 settlement purchase company or is an employee of a structured
40 settlement purchase company; or

41 (b) to third parties, any routine transfer expenses, including,
42 without limitation, court filing fees, escrow fees, lien recordation
43 fees, judgment and lien search fees, attorney's fees and other similar
44 types of fees relating to a transfer;

45 (6) intentionally advertise materially false or misleading
46 information regarding its products or services;

47 (7) attempt to coerce, bribe, or intimidate a payee seeking to
48 transfer structured settlement payment rights, including providing

1 any gift, loan, extension of credit, advance, or other forms of
2 consideration paid to or given to the payee as an inducement to
3 enter a transfer agreement;

4 (8) attempt to defraud a payee or any party to a structured
5 settlement transfer or any interested party in a structured settlement
6 transfer proceeding by any means including, but not limited to,
7 forgery or false identification;

8 (9) except as otherwise provided in P.L.2001, c.139 (C.2A:16-
9 63 et seq.) and P.L. , c. (C.) (pending before the
10 Legislature as this bill), intervene in a pending structured settlement
11 transfer proceeding if the transferee or structured settlement
12 purchase company is not a party to the proceeding or an interested
13 party relative to the proposed transfer which is the subject of the
14 pending structured settlement transfer proceeding. The provisions
15 of P.L.2001, c.139 (C.2A:16-63 et seq.) and P.L. , c. (C.)
16 (pending before the Legislature as this bill) do not prevent a
17 structured settlement purchase company from intervening in a
18 pending structured settlement transfer proceeding if the payee has
19 signed a transfer agreement with the structured settlement purchase
20 company within 60 days before the filing of the pending structured
21 settlement transfer proceeding and the structured settlement
22 purchase company which filed the pending structured settlement
23 transfer proceeding violated any provision of P.L.2001, c.139
24 (C.2A:16-63 et seq.) and P.L. , c. (C.) (pending before the
25 Legislature as this bill) in connection with the proposed transfer
26 that is the subject of the pending structured settlement transfer
27 proceeding;

28 (10)except as otherwise provided in P.L.2001, c.139 (C.2A:16-
29 63 et seq.) and P.L. , c. (C.) (pending before the
30 Legislature as this bill), knowingly contact a payee who has signed
31 a transfer agreement and is pursuing a proposed transfer with
32 another structured settlement purchase company for the purpose of
33 inducing the payee into canceling the proposed transfer or transfer
34 agreement with the other structured settlement purchase company if
35 a structured settlement transfer proceeding has been filed by the
36 other structured settlement purchase company and is pending. The
37 provisions of this paragraph do not apply if a hearing has not been
38 held in the pending structured settlement transfer proceeding within
39 90 days after the filing of the pending structured settlement transfer
40 proceeding;

41 (11)fail to dismiss a pending structured settlement transfer
42 proceeding at the request of the payee. A dismissal of a structured
43 settlement proceeding after a structured settlement purchase
44 company has violated the provisions of P.L.2001, c.139 (C.2A:16-
45 63 et seq.) or P.L. , c. (C.) (pending before the Legislature
46 as this bill) does not exempt the structured settlement purchase
47 company from any liability under this section;

1 (12)solicit a prospective payee through the conveyance of a
2 document which resembles a check or other form of payment;

3 (13)provide a transfer agreement or related document that
4 purports to give the transferee the first choice or option to purchase
5 any remaining structured settlement payments rights belonging to
6 the payee which are not subject to the structured settlement transfer
7 proceeding; or

8 (14)communicate with a payee, a prospective payee, or a person
9 associated with the payee:

10 (a) after the payee, a prospective payee, or a person associated
11 with the payee has informed the structured settlement purchase
12 company to cease further communication;

13 (b) at any unusual time, or at a time that the structured
14 settlement purchase company knows is inconvenient to the
15 consumer. In the absence of the structured settlement purchase
16 company's knowledge of circumstances to the contrary, a time
17 before 8:00 a.m. and after 9:00 p.m. local time at the consumer's
18 location is inconvenient. This paragraph shall not apply to any
19 payee, prospective payee, or person associated with the payee who
20 has opted in and agreed to allow the structured settlement purchase
21 company to contact the person when necessary; or

22 (c) repeatedly or continuously with intent to annoy, abuse, or
23 harass a payee, prospective payee, or a person associated with the
24 payee.

25 b. A transferee or structured settlement purchase company and
26 an employee or other representative of a transferee or structured
27 settlement purchase company shall not instruct a payee to hire, or
28 directly refer a payee or a prospective payee to seek independent
29 professional advice from, a specific person, except that a structured
30 settlement purchase company may refer a payee to a state or local
31 referral service, bar association, legal aid, or any other entity
32 unrelated to the structured settlement purchase company. A person
33 rendering independent professional advice to a payee or prospective
34 payee is not to be affected by whether a transfer occurs or does not
35 occur and shall not, in any manner, be affiliated with or
36 compensated by the transferee or a structured settlement purchase
37 company unless ordered by the court.

38 c. A payee may file a motion in the court in which the
39 structured settlement transfer proceeding is pending to allege a
40 violation of subsection a. of this section and may pursue all rights
41 and remedies to which the payee may be entitled under P.L.2001,
42 c.139 (C.2A:16-63 et seq.) and P.L. , c. (C.) (pending
43 before the Legislature as this bill) or any other applicable law.

44 d. A structured settlement purchase company may file a motion
45 in the court in which the structured settlement transfer proceeding is
46 pending to enforce items in subsection a. of this section and may
47 pursue all remedies to which the structured settlement purchase
48 company may be entitled pursuant to P.L. , c. (C.)

1 (pending before the Legislature as this bill) or any other applicable
2 law.

3 e. If a court finds that a structured settlement purchase
4 company or transferee is in violation of this section, the court may:

5 (1) revoke the registration, issued pursuant to section 9 of
6 P.L. , c. (C.) (pending before the Legislature as this bill) of
7 the structured settlement purchase company or suspend the
8 registration for a period to be determined at the discretion of the
9 court; or

10 (2) enjoin the structured settlement purchase company or
11 transferee from filing new structured settlement transfer
12 proceedings in this State or pursuing transfers in this State.

13

14 8. (New section) a. The court may appoint an attorney to
15 serve as a guardian ad litem to make an independent assessment,
16 and to advise the court whether the proposed transfer is in the best
17 interest of the payee, taking into consideration the factors
18 enumerated in subsection b. of section 4 of P.L.2001, c.139
19 (C.2A:16-66), as amended by P.L. , c. (C.) (pending
20 before the Legislature as this bill). The guardian ad litem may
21 consult with a certified public accountant, actuary, or other licensed
22 professional for independent professional advice, if necessary. All
23 costs and reasonable fees for the guardian shall be borne by the
24 transferee in an amount determined by the court.

25 b. The court shall appoint an attorney to serve as a guardian ad
26 litem in any case involving:

27 (1) a proposed transfer of a minor's structured settlement
28 payments rights by a conservator or by a parent or guardian if a
29 conservator has not been appointed. The guardian ad litem shall
30 advise the court on whether the proposed transfer is of direct benefit
31 to the minor; or

32 (2) a proposed transfer of structured settlement payment rights
33 involving a payee who appears to the court to suffer from a mental
34 or cognitive impairment.

35 c. The transferee shall file a motion for the appointment of an
36 attorney to serve as a guardian ad litem prior to a hearing on the
37 proposed transfer if the transferee is aware that:

38 (1) the underlying structured settlement arose from a case in
39 which a finding was made in a court record of a mental or cognitive
40 impairment on the part of the payee;

41 (2) a conservator or guardian has been appointed for the payee;
42 or

43 (3) a finding has been made in a court record, other than that of
44 the underlying structured settlement case, of a mental or cognitive
45 impairment on the part of the payee.

46 d. In conjunction with the motion filed pursuant to subsection
47 c. of this section, the transferee shall provide to the court, either in-
48 camera or as directed by the court in a way to protect the privacy of

1 the payee, any such findings known to the transferee that describe
2 the nature, extent, or consequences of the payee's mental or
3 cognitive impairment.

4 e. An attorney appointed to serve as a guardian ad litem by the
5 court shall report to the court the guardian ad litem's assessment
6 and advice at a time determined by the court.

7 f. Nothing in this section affects the rights and protections of
8 persons subject to guardianship or conservatorship under the laws
9 of this State.

10
11 9. (New section) a. A person shall not act as a transferee,
12 attempt to acquire structured settlement payment rights through a
13 transfer from a payee who resides in this State, or file a structured
14 settlement transfer proceeding unless the person is registered with
15 the commission pursuant to this section to do business in this State
16 as a structured settlement purchase company.

17 b. A person shall apply with the commissioner for registration
18 to do business in this State as a structured settlement purchase
19 company by submitting an application for an initial or renewed
20 registration on a form as prescribed by the commissioner.

21 c. An initial or renewed registration is valid for one year from
22 the date it is issued and shall expire one year after the date it was
23 issued.

24 d. The registration may be renewed annually by the registrant
25 on or before the expiration date. If a structured settlement purchase
26 company fails to file with the commissioner a renewal application
27 on or before the expiration date, then it will be required to file
28 another initial application with the commissioner and pay the
29 application fee for an initial application pursuant to this act.

30
31 10. (New section) a. Each initial or renewal application shall
32 contain a sworn certification by an owner, officer, director, or
33 manager of the applicant, if the applicant is not a natural person, or
34 by the applicant, if the applicant is a natural person, certifying that:

35 (1) the applicant has secured a surety bond payable to the State
36 or has posted a cash bond in the amount of \$50,000. The bond shall
37 be in a form satisfactory to the commissioner and shall run to the
38 State for the benefit of any payee claimant to secure the faithful
39 performance of the obligation of the structured settlement purchase
40 company under the law; and

41 (2) the applicant shall comply with P.L.2001, c.139 (C.2A:16-63
42 et seq.) and P.L. , c. (C.) (pending before the Legislature as
43 this bill) when acting as a structured settlement purchase company
44 and filing structured settlement transfer proceedings.

45 b. The surety bond or cash bond is payable to the State.

46 c. (1) The surety bond or cash bond is effective concurrently
47 with the applicant's registration with the commissioner and shall be

1 renewed each year when the registration of the applicant is
2 renewed.

3 (2) Upon expiration or termination of a registration, the surety
4 bond or cash bond remains in effect for not less than three years
5 after the expiration or termination.

6 d. The applicant shall submit to the commissioner a copy of the
7 surety bond or cash bond with its initial or renewal application.

8 e. (1) An applicant shall remit to the commissioner a fee of
9 \$1,250 for an initial registration and \$200 for a renewed
10 registration.

11 (2) The fees shall be retained by the commissioner to offset the
12 costs of processing and maintaining the registration of structured
13 settlement purchase companies required by P.L. , c. (C.)
14 (pending before the Legislature as this bill).

15
16 11. (New section) Within 10 days after a judgment is secured
17 against a structured settlement purchase company by a payee, the
18 structured settlement purchase company shall file a notice with the
19 commissioner and the surety providing a copy of the judgment and
20 the name and address of the judgment creditor; and include the
21 status of the matter, including whether the judgment will be
22 appealed, or has been paid or satisfied.

23
24 12. (New section) The liability of the surety under the bond is
25 not affected by any breach of contract, breach of warranty, failure
26 to pay a premium or other act or omission of the bonded structured
27 settlement purchase company, or by any insolvency or bankruptcy
28 of the structured settlement purchase company.

29
30 13. (New section) a. The bonded structured settlement purchase
31 company and the surety shall not cancel or modify the bond during
32 the term for which it is issued, except with written notice to the
33 commissioner at least 20 days prior to the effective date of a
34 cancellation or modification.

35 b. In the event the bond is cancelled, the registration of the
36 structured settlement purchase company automatically expires
37 unless a new surety bond, or cash bond, which complies with
38 P.L. , c. (C.) (pending before the Legislature as this bill), is
39 filed with the commissioner. The cancellation or modification of a
40 bond shall not affect any liability of the bonded surety company
41 incurred before the cancellation or modification of the bond.

42
43 14. (New section) a. An assignee is not required to register as a
44 structured settlement purchase company to acquire structured
45 settlement payment rights or to take a security interest in structured
46 settlement payment rights that were transferred by the payee to a
47 structured settlement purchase company.

1 b. An employee of a structured settlement purchase company,
2 if acting on behalf of the structured settlement purchase company in
3 connection with a transfer, is not required to register with the
4 commissioner as provided under P.L. , c. (C.) (pending
5 before the Legislature as this bill).

6
7 15. (New section) a. If a person fails to file an application for
8 registration as a structured settlement purchase company with the
9 commissioner as required by P.L. , c. (C.) (pending before
10 the Legislature as this bill), the commissioner shall notify the
11 person of this delinquency by mailing a notice by certified mail,
12 with return receipt requested, to the person's last known address. If
13 the required registration application is not filed within 15 days after
14 the receipt of the notice, the commissioner may assess an
15 administrative fine of \$10,000 against the person.

16 b. If the person does not claim a notice sent by certified mail,
17 or the notice is returned to the commissioner by the United States
18 Postal Service as undeliverable, then the commissioner shall serve
19 the notice upon the person as provided by law.

20 c. A registration application required to be filed with the
21 Secretary of State pursuant to this act which contains false or
22 misleading statements, or which is incomplete, may be rejected by
23 the Secretary of State and returned to the submitting party without
24 being filed.

25 d. (1) A person who is assessed an administrative fine or who
26 is denied registration has 30 days from receipt of a certified notice
27 or formal service of the notice from the commissioner to pay the
28 fine or request an evidentiary hearing before the administrative law
29 court.

30 (2) If a person fails to remit fines or request a hearing after the
31 required notice is given and after 30 days from the date of receipt of
32 certified notice or service of the notice has elapsed, then the
33 commissioner may bring an action before the administrative law
34 court to enjoin the person from engaging in further activities related
35 to the purchase or transfer of structured settlements in this State.
36 The decision of the administrative law court may be appealed.

37 e. Any administrative fine revenue received pursuant to P.L. ,
38 c. (C.) (pending before the Legislature as this bill) in a fiscal
39 year may be retained by the commissioner to offset the expenses of
40 enforcing P.L. , c. (C.) (pending before the Legislature as
41 this bill).

42
43 16. (New section) Except as otherwise provided, a transfer order
44 signed by a court of competent jurisdiction pursuant to P.L.2001,
45 c.139 (C.2A:16-63 et seq.) and P.L. , c. (C.) (pending
46 before the Legislature as this bill) constitutes a qualified order
47 under 26 U.S.C. s.5891. If a transferee to which the transfer order
48 applies is not registered as a structured settlement purchase

1 company pursuant to P.L. , c. (C.) (pending before the
2 Legislature as this bill) at the time the transfer order is signed, the
3 transfer order does not constitute a qualified order under 26 U.S.C.
4 s.5891.

5
6 17. This act shall take effect on January 1, 2027, except that
7 sections 9 through 16 shall take effect on January 1, 2028.

8
9
10 STATEMENT

11
12 The bill revises the “Structured Settlement Protection Act” and
13 adds additional consumer protections.

14 The bill modifies the current “Structured Settlement Protection
15 Act” to require additional disclosures to be made to the payee
16 including the effective annual interest rate. Under the bill, the
17 “effective annual interest rate” means the effective rate of interest
18 per year the payee will be paying the transferee based on the net
19 advance amount that a payee will receive from the transferee and
20 the amounts and timing of the structured settlement payments that
21 the payee is transferring to the transferee.

22 The bill also modifies the current “Structured Settlement
23 Protection Act” to advise the payee of the payee’s right to seek
24 independent professional advice regarding the proposed transfer and
25 advise the payee of the payee’s right to seek out and consider
26 additional offers for transferring the structured settlement payment
27 rights. It additionally requires courts to consider the welfare and
28 support of the payee and payee’s dependents by evaluating factors
29 such as the reasonable preference of the payee in light of the
30 payee’s age, mental capacity, maturity level, and understanding of
31 the terms of the agreement. The bill also modifies the jurisdictions
32 in which applications for structured settlements may be brought,
33 and clarifies that the structured settlement obligor and the annuity
34 issuer may rely on a court order approving the transfer in
35 redirecting periodic payments to an assignee or transferee in
36 accordance with the order approving the transfer.

37 The bill also adds provisions requiring structured settlement
38 purchase companies to register with the State, creates a surety bond
39 requirement, and outlines prohibited conduct for structured
40 settlement purchase companies.

41 Under the bill, “structured settlement purchase company” means
42 a person who acts as a transferee in the State and who is registered
43 with the commissioner as a structured settlement purchase
44 company.