



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

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BULLETIN NO. 20-27

TO: ALL COMPANIES AUTHORIZED TO SELL ACCIDENT AND HEALTH INSURANCE IN THE STATE OF NEW JERSEY

FROM: MARLENE CARIDE, COMMISSIONER

RE: 60-DAY GRACE PERIOD FOR HEALTH INSURANCE POLICIES AND CONTRACTS NOT ADDRESSED BY BULLETIN NO. 20-11, 20-12, 20-13 AND 20-14 DUE TO THE DISRUPTION CAUSED BY COVID-19

On March 9, 2020, Governor Phil Murphy declared a state of emergency and public health emergency through the issuance of Exec. Order No. 103 (March 21, 2020) 52 N.J.R. 549(a) ("EO 103") to contain the spread of the Coronavirus ("COVID-19") pandemic. Governor Murphy later directed New Jersey residents to remain in their homes unless leaving was essential through the issuance of Exec. Order No. 107 (March 21, 2020) 52 N.J.R. 554(a) ("EO 107"). These Executive Orders were issued to contain the spread of the COVID-19 pandemic. On April 9, 2020, Governor Murphy issued Exec. Order No. 123 (May 4, 2020) 52 N.J.R. 962(a) ("EO 123"). EO 123 directed insurance companies to refrain from cancelling any policy or contract for nonpayment for a period of time as directed by the Commissioner of the Department of Banking and Insurance ("Commissioner"); to exercise appropriate forbearances on collection documentation; to amortize any unpaid payments over a period of time as directed by the Commissioner; and to refrain from seeking recoupment of any claims paid during the emergency grace period.

The Department of Banking and Insurance ("Department") is issuing this Bulletin to all companies authorized to sell accident and health insurance in New Jersey ("carriers") pursuant to Titles 17 or 17B of the New Jersey Statutes. The Bulletin applies to carriers' insurance products that are not otherwise addressed in Bulletin Nos. 20-11, 20-12, 20-13 or 20-14. Carriers are directed to extend an emergency grace period for the payment of premiums to their policyholders or contract holders for all individual and group accident and health insurance policies or contracts issued and delivered in New Jersey, or which will be issued and delivered in New Jersey while EO 123 is in effect.

In response to the disruption caused by COVID-19, the Department is directing carriers to provide policyholders and contract holders who may be experiencing a financial hardship due to COVID-19 with a 60-day emergency grace period to pay premiums so that insurance policies or contracts are not cancelled for nonpayment of premium due. A policyholder or contract holder may elect to begin the emergency grace period retroactively on April 1, 2020 or May 1, 2020.

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During this emergency grace period, carriers cannot cancel any policy for nonpayment of premium. Coverage must remain in force and claims must be paid and may not be pended.

The emergency grace periods described above shall apply to policyholders and contract holders that were in good standing with their insurance carrier on March 1, 2020. This grace period is intended to be applied to premiums due after the initial premium has been made to secure coverage. It is not intended to change the terms of the issued policy or contract or be considered a forgiveness of the premium. Rather, it is intended that the carrier grant the policyholder or contract holder an extended grace period for the payment of premium due without penalty or interest. If a carrier has already provided a policyholder or contract holder with a legally required grace period for April 2020 premiums, the time period for which a grace period has already been granted shall be applied toward the emergency grace period.

After the 60-day emergency grace period, a policyholder or contract holder must be offered the option of amortizing any unpaid premium over the remaining months of the policy, but for not less than six months. For example, if six months are remaining on the policy, the policyholder or contract holder must be given the option to pay the unpaid premium in six installments in addition to the regular monthly premium. If less than six months remain on the policy, the carrier must allow at least six months for the deferred premium to be paid.

Carriers are directed that they are not to seek recoupment from any policyholder or contract holder for any claims incurred during this emergency grace period. Carriers are further directed to, in addition to posting information on the carrier's website, provide each policyholder or contract holder with an easily readable written description of the terms of the extended grace period offered pursuant to this guidance. Carriers are further directed to, in addition to posting information on their website, provide each policyholder with an easily readable written description of the terms of the extended grace period offered pursuant to this guidance.

In addition, to eliminate the need for in person payment methods, in order to protect the safety of workers and customers, all agents, brokers, and other licensees who accept premium payments on behalf of carriers must take steps to ensure that customers able to make payments have the ability to make prompt insurance payments through alternate methods of payment, such as online payments.

The Department will monitor events as they develop to determine if this emergency grace period must be extended. If you have any questions, please contact the Department's Office of Life and Health Unit at lifhealth@dohi.nj.gov.



May 28, 2020
Date

Marlene Caride
Commissioner

AR Grace Period – Health, Other/COVID-19