



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

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BULLETIN NO. 20-37

TO: ALL NEW JERSEY HEALTH INSURANCE COMPANIES; HEALTH SERVICE CORPORATIONS; HEALTH MAINTENANCE ORGANIZATIONS; DENTAL SERVICE CORPORATIONS; DENTAL PLAN ORGANIZATIONS; AND OTHER INTERESTED PARTIES

FROM: MARLENE CARIDE, COMMISSIONER

RE: WAIVER OF PREMIUMS, PREMIUM ABATEMENTS AND PREMIUM CREDITS

The Department of Banking and Insurance ("Department") is issuing this Bulletin to advise all carriers that a waiver of premium or provision of a premium credit, even if contained in an approved policy, may be in violation of the Trade Practices Act at N.J.S.A. 17B:30-12.

It has recently come to the Department's attention that carriers may be offering waivers of premium, abatement of premiums, or premium credits to new or existing policyholders relying upon policy form language that references such waivers, abatement of premiums or credits. The reasons for providing such waivers, abatements or credits vary, but typically include attraction of new business or retention of existing business. The text of these policy form provisions typically states that provision of such waivers, abatements, or credits is at the carrier's discretion and the circumstances under which the waivers, abatements or credits may be granted are undefined and so not demonstrably related to risk.

The above referenced practice may be in violation of N.J.S.A. 17B:30-12(d), which provides:

No person shall make or permit any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such policy or contract, or in any other manner whatever.

As indicated by the quoted provision of the Trade Practices Act, insurers may not discriminate between individuals and groups that present the same insurance risk in the setting of premium, granting of premium credits or waivers, provision of a rate guarantee period or in any other manner. In such cases, the Department will take appropriate action.

Should you have any questions regarding the content of this Bulletin, please contact the Department's Office of Life and Health at lifehealth@dohi.nj.gov.

11/17/2020

Date



Marlene Caride
Commissioner

AR Waiver of Premiums Bulletin/Bulletins