

[Second Reprint]

ASSEMBLY, No. 3920

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED APRIL 9, 2020

Sponsored by:

Assemblyman JON M. BRAMNICK

District 21 (Morris, Somerset and Union)

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblywoman SHANIQUE SPEIGHT

District 29 (Essex)

Co-Sponsored by:

Assemblyman Holley, Assemblywoman Carter, Assemblymen Moen, DeAngelo, Assemblywoman Swain, Assemblyman Tully, Assemblywomen Quijano, Vainieri Huttie, Assemblymen Giblin, Benson, Assemblywoman Downey, Assemblyman Johnson, Assemblywomen Lampitt, Pinkin, Jasey, McKnight and DiMaso

SYNOPSIS

Prohibits cancellation or nonrenewal of certain insurance policies and insurance premium finance agreements for a period of at least 60 days under certain circumstances after declaration of public health emergency, or state of emergency, or both.

CURRENT VERSION OF TEXT

As amended by the General Assembly on August 27, 2020.

(Sponsorship Updated As Of: 8/27/2020)

1 AN ACT concerning cancellation of ¹certain¹ insurance policies ¹and
 2 insurance premium finance agreements¹ during a public health
 3 emergency or state of emergency and supplementing Title 17 of
 4 the Revised Statutes.

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

8
 9 1. Notwithstanding the provisions of any other law, rule or
 10 regulation to the contrary, upon the declaration by the Governor, of
 11 a public health emergency, pursuant to the “Emergency Health
 12 Powers Act,” P.L.2005, c.222 (C.26:13-1 et seq.), or a state of
 13 emergency, pursuant to P.L.1942, c.251 (C.App.A.9-33 et seq.), or
 14 both, and upon a further determination by the Commissioner of
 15 Banking and Insurance, after consultation with the Governor, that
 16 the emergency or emergencies shall be of such duration and severity
 17 as to require certain actions with respect to policies of insurance,
 18 then the Commissioner of Banking and Insurance shall issue a
 19 bulletin requiring that for a period of at least 60 days, no policy of
 20 insurance issued ¹**[to an insured]**¹ in this State and subject to
 21 regulation pursuant to Title 17 of the Revised Statutes, or Title 17B
 22 of the New Jersey Statutes shall be cancelled or not renewed for
 23 nonpayment of premium ¹and no insurance premium finance
 24 agreement, as defined in section 2 of P.L.1968, c.221 (C.17:16D-2),
 25 shall be terminated and no insurance contract or contracts listed in
 26 the insurance premium finance agreement shall be cancelled by the
 27 insurance premium finance company. The provisions of this section
 28 shall apply only to policies and contracts of insurance if the
 29 policyholder is an individual or a business with 50 or fewer
 30 employees¹. The commissioner shall direct insurers ¹, insurance
 31 premium finance companies, and other entities regulated by the
 32 Department of Banking and Insurance¹ to take appropriate actions
 33 to protect policyholders impacted by COVID-19 ¹only if the
 34 policyholder is an individual or a business with 50 or fewer
 35 employees¹, which actions may include but shall not ¹be¹ limited
 36 to extending grace periods beyond the minimum grace periods
 37 required by this section, waiving late fees and penalties, ¹waiving
 38 finance charges, prohibiting late payment reporting to credit rating
 39 agencies,¹ relaxing or extending due dates for premium payments
 40 and policy based loan payments or allowing extended payment
 41 plans, extending timeframes to complete property inspections or
 42 undergo medical examinations, and taking any and all similar
 43 actions so as to avoid the cancellation or nonrenewal of policies.
 44 ¹During the minimum grace period provided by this section,

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted July 30, 2020.

²Assembly floor amendments adopted August 27, 2020.

1 coverage shall remain in force, claims shall not be pended or held
2 and shall be paid by the insurer without regard to prior nonpayment
3 of premium by the policyholder, and the cost of the claims shall not
4 be recouped by the insurer in any way from any party during or
5 after a minimum grace period.¹

6 ²Nothing in this section shall prevent an insurer from recouping
7 the cost of nonpayment of premiums by a policyholder, provided
8 that any recoupment shall be subject to directions of the
9 commissioner issued pursuant to this section.²

10
11 2. This act shall take effect immediately and shall be
12 retroactive to March 1, 2020, and shall apply to any policy of
13 insurance ¹or insurance premium finance agreement held by an
14 individual or a business with 50 or fewer employees¹ in effect in
15 this State on that date, and to any policy of insurance delivered,
16 issued, executed or renewed in this State, or approved for issuance
17 or renewal in the State by the Commissioner of Banking and
18 Insurance, on or after that date.