

SENATE, No. 2265

STATE OF NEW JERSEY

INTRODUCED NOVEMBER 17, 1997

By Senator BENNETT

1 AN ACT concerning small employer carriers and amending P.L.1992,
2 c.162.

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

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7 1. Section 7 of P.L.1992 c.162 (C.17B:27A-23) is amended to read
8 as follows:

9 7. Every policy or contract issued to small employers in this State
10 pursuant to P.L.1992, c.162 (C.17B:27A-17 et seq.) shall be
11 renewable with respect to all eligible employees or dependents at the
12 option of the policy or contract holder, or small employer except
13 under the following circumstances:

14 a. Nonpayment of the required premiums by the policyholder,
15 contract holder, or employer;

16 b. Fraud or misrepresentation of the policyholder, contract holder,
17 or employer or, with respect to coverage of eligible employees or
18 dependents, the enrollees or their representatives;

19 c. The number of employees covered under the health benefits plan
20 is less than the number or percentage of employees required by
21 participation requirements under the health benefits policy or contract;

22 d. Noncompliance with a carrier's employment contribution
23 requirements;

24 e. Any carrier doing business pursuant to the provisions of this act
25 ceases doing business in the small employer market, if the following
26 conditions are satisfied:

27 (1) The carrier gives notice to cease doing business in the small
28 employer market to the commissioner not later than eight months prior
29 to the date of the planned withdrawal from the small group market,
30 during which time the carrier shall continue to be governed by this act
31 with respect to business written pursuant to this act. For the purposes
32 of this subsection, "date of withdrawal" means the date upon which the
33 first notice to small employers is sent by the carrier pursuant to
34 paragraph (2) of this subsection;

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

Matter underlined thus is new matter.

1 (2) No later than two months following the date of the notification
2 to the commissioner that the carrier intends to cease doing business in
3 the small employer market, the carrier shall mail a notice to every
4 small business employer insured by the carrier that the policy or
5 contract of insurance will be terminated. This notice shall be sent by
6 certified mail to the small business employer not less than six months
7 in advance of the effective date of the cancellation date of the policy
8 or contract;

9 (3) Any carrier that ceases to do business pursuant to this act shall
10 be prohibited from writing new business in the small employer market
11 for a period of five years from the date of [notice to the commissioner]
12 termination of the last health insurance coverage not so renewed,
13 except that the five-year period shall not apply to a carrier that gave
14 notice to the commissioner during the period January 1, 1997 to June
15 30, 1997 to cease doing business in the small employer market;

16 f. In the case of policies or contracts issued in connection with
17 membership in an association or trust of employers, an employer
18 ceases to maintain its membership in the association or trust; or

19 g. (Deleted by amendment, P.L.1995, c.50).

20 (cf: P.L.1995, c.50, s.1)

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22 2. This act shall take effect immediately.

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25 STATEMENT

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27 This bill amends Section 7 of P.L.1992, c.162 (C.17B:27A-23) to
28 exempt a small employer carrier that has given notice during the
29 period January 1, 1997 to June 30, 1997 to the Commissioner of
30 Banking and Insurance of its intent to withdraw from the small
31 employer health benefits market, from the prohibition to write new
32 business in that market for five years after that withdrawal.

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37 Exempts certain small employer carriers who withdraw from market
38 from 5-year prohibition on re-entry into market.