

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

STATEMENT TO ASSEMBLY, No. 4538

with committee amendments

STATE OF NEW JERSEY

DATED: OCTOBER 19, 2020

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 4538.

This bill requires certain insurance companies, health, hospital, medical, and dental service organizations, and dental plan organizations to provide credits for reduced usage during the coronavirus disease 2019 pandemic. The provisions of the bill do not apply to any entity that issued a credit or refund to policyholders in an amount of more than 50% of one month's premium for each policyholder during the period of March through June 2020 or has taken any actions to assist policyholders that the Commissioner of Banking and Insurance deems sufficient to excuse the entity from the provisions of the bill.

Under the bill, every carrier writing dental insurance plans in this State is to issue to each policyholder in good standing with a plan that was in effect on March 27, 2020 a credit in an amount equivalent to the value of any reduced claims experience due to the limitations of dental services for the period beginning on March 27, 2020 and ending on May 26, 2020.

The credit may be returned to the policyholder in the form of a direct refund, or credit toward future premiums, and shall apply to both fully paid and monthly billed policies. Policyholders shall not be required to take any action to receive the refund or credit.

Under the bill, every insurer is to provide to the Department of Banking and Insurance a report containing all actions taken, and contemplated future actions, to reduce premiums in compliance with the bill. These reports shall be due on August 1, September 1, October 1, and November 1; the information provided in each report shall reflect activity through the preceding month's end.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

(1) limit the scope of the credits provided pursuant to the bill to the period beginning March 27, 2020 and ending May 26, 2020;

- (2) exclude certain entities from the obligations pursuant to the bill; and
- (3) make certain technical changes.