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NJ DEPARTMENT OF BANKING & INSURANCE ANNOUNCEMENT

NJ DEPARTMENT OF BANKING AND INSURANCE DIRECTS INSURERS TO PROVIDE EMERGENCY GRACE PERIOD FOR PAYMENT OF INSURANCE PREMIUMS FOR RESIDENTS, BUSINESSES AMID COVID-19

Guidance Follows Executive Order; Requires Emergency Grace Period of at Least 60 Days For Health Insurance Policy Holders & at Least 90 Days for Auto, Homeowners, Renters and Life Insurance Policy Holders

TRENTON – The New Jersey Department of Banking and Insurance today directed insurers to provide financial relief to residents and businesses, as New Jerseyans suffer financial hardship due to the COVID-19 pandemic. The guidance issued to regulated entities follows Executive Order 123 signed yesterday by Governor Phil Murphy extending grace periods during which certain insurance companies, including health insurers, life insurers, and property and casualty insurers, will not be able to cancel policies for nonpayment of premiums.

The executive order requires a minimum 60-day grace period for health and dental insurance policies, and a minimum 90-day grace period for life insurance, insurance premium-financing arrangements, and property and casualty insurance, which includes auto, homeowners, and renters insurance.

Following the Executive Order, the Department directed health and dental insurance carriers in the individual market, small group and large group markets to provide a grace period for premium payments of at least 60 days. The department directed issuers of life insurance policies, property and casualty policies and insurance premium finance companies to provide a grace period for payments of at least 90 days. Consumers must contact their insurance company to take advantage of the emergency grace period and to discuss options to pay their premiums over time after the grace period ends.

“We know that many New Jerseyans are facing financial hardship due to the unprecedented COVID-19 emergency. These actions will allow residents and businesses a grace period on premium payments for health insurance policies, as well as homeowners, renters, life and auto insurance. I want to thank Governor Murphy for his steadfast commitment to ensuring New Jerseyans continue to be protected by their insurance policies during this period, and that they receive the financial relief that they need,” said Department of Banking and Insurance Commissioner Marlene Caride. “I also want to thank the industry for providing financial options to policy holders that will ensure they maintain coverage, and for working in cooperation with the department as we implement these measures.”



The Department of Banking and Insurance is directing carriers in the individual, small group and large group health insurance markets to:

- Provide a 60-day grace period to pay insurance premiums and continue paying claims during this period; allow policyholders to amortize any unpaid payments over the remaining policy period (for example, if six months are remaining, the policy holder must be given the option to pay the unpaid premium in six installments in addition to the regular monthly premium);
- Provide those with individual health plans obtained through the federal Marketplace, and receive subsidies, up to a 60-day grace period with claims paid and additional flexibility; Waive late payment and fees otherwise due, and not report late payments to credit reporting agencies;
- Refrain from canceling any policy or contract for nonpayment during the emergency grace periods, and not seek recoupment from any policyholder for any claims incurred during this emergency grace period; and
- Waive certain rules that as a result of the COVID-19 emergency could serve as a barrier to coverage for employees and employers.

The Department of Banking and Insurance is directing property and casualty carriers to:

- Provide a 90-day grace period to pay insurance premiums and continue paying claims during this period; allow policy holders to pay premiums not paid during the 90-day period over the remainder of the current policy term or in up to 12 months, whichever is longer;
- Waive late payment fees otherwise due, and not report late payments to credit rating agencies;
- Ensure that late payments during the 90-day period are not considered in any future premium calculations at any time (i.e. applicable late payments should not be counted for any rating, pricing, tiering attributes, etc.); and
- Permit the grace period to be applied to all installment payments, including renewal down payments, provided that the insured provides notice to the insurer that they wish to continue coverage.

The Department of Banking and Insurance is directing life insurance carriers to:

- Provide at least a 90-day grace period to policyholders or certificate holders to pay life insurance and annuity contracts premiums; allow premiums not paid during the 90-day period to be paid over the course of the following year in up to 12 equal installments;
- Waive late payment fees otherwise due, including any interest permitted, and refrain from reporting late payments to credit rating agencies, during the 90-day period; and
- Extend to 90 days the period to exercise policyholder and contract holder rights and benefits under life insurance and annuity contracts.

The guidance also directs carriers issuing Medicare Supplement plans and insurance premium finance companies to provide grace periods and repayment over a period of time. The Department directed all carriers to, in addition to posting information on their websites, provide each policyholder with an easily readable written description of the terms of the extended grace period offered pursuant to the Department's guidance. The Department will monitor events as they develop to determine if this emergency grace period must be extended.