

ASSEMBLY FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE

STATEMENT TO ASSEMBLY, No. 3899

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 2, 2022

The Assembly Financial Institutions and Insurance Committee reports favorably and with committee amendments Assembly Bill No. 3899.

This bill updates the “New Jersey Life and Health Insurance Guaranty Association Act” to current standards from the National Association of Insurance Commissioners.

Among the updates in the bill is an expansion of the assessment base that is to cover the insolvencies of long-term care insurers. All life and health insurers will be required to assist in covering these insolvencies. Currently, assessments are made against all health insurance companies, even if the company does not sell long-term care insurance, but only those life insurance companies that sell long-term care insurance are assessed.

COMMITTEE AMENDMENTS:

The committee amended the bill to remove from the bill provisions:

(1) setting a cap of \$500,000 on health insurance benefits issued by the guaranty association in cases of insurer impairment or insolvency, thereby leaving in place the requirement under existing law that these benefits be unlimited;

(2) requiring, for the purposes of the “New Jersey Life and Health Insurance Guaranty Association Act,” benefits provided by a long-term care rider to a life insurance policy or annuity contract to be considered the same type of benefits as the base life insurance policy or annuity contract to which the rider relates;

(3) requiring that dollar amounts allotted by the guaranty association pursuant to the bill increase or decrease based upon changes in the health care costs component of the consumer price index.