

ASSEMBLY, No. 601

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:

Assemblyman JOHN DIMAIO

District 23 (Hunterdon, Somerset and Warren)

Co-Sponsored by:

Assemblywomen Gove, B.DeCroce and Assemblyman Peterson

SYNOPSIS

Requires Higher Education Student Assistance Authority to provide information on life insurance plans to borrowers of student loans and requires authority to contract with life insurance company to offer policies to borrowers.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.



1 **AN ACT** concerning student loan debt and amending and
2 supplementing P.L.2013, c.1.

3

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

6

7 1. Section 1 of P.L.2013, c.1 (C.18A:71A-35) is amended to
8 read as follows:

9 1. a. The Higher Education Student Assistance Authority shall
10 develop a student loan repayment information document. The
11 document shall include, but need not be limited to: examples of
12 monthly and annual loan payments required for State, federal, and
13 private student loans, whether subsidized or unsubsidized, based on
14 various principal loan amounts and current interest rates;
15 information on the time period it would take to fully repay those
16 loans based on various loan repayment schedules; definitions of
17 fixed rate loans, variable rate loans, and consolidation loans; **[and]**
18 information on the consequences and penalties of defaulting on a
19 student loan ; and information on life insurance plans available to
20 borrowers and cosigners of student loans as a mechanism for the
21 payment of student loan debt in the event of a borrower's death.

22 The authority shall: post the document on its website; transmit
23 the document via electronic mail to each school district that
24 includes grades 9 through 12 and nonpublic high schools by
25 October 1 of each school year; and update the document as
26 appropriate, but no less frequently than every five years.

27 b. A school district and a nonpublic high school shall annually
28 disseminate the document developed pursuant to subsection a. of
29 this section to each student in the 11th and 12th grades.

30 (cf: P.L.2013, c.1, s.1)

31

32 2. (New section) The Higher Education Student Assistance
33 Authority shall, in consultation with the Department of Banking and
34 Insurance, contract with one or more life insurance companies to
35 offer life insurance policies to borrowers and cosigners of student
36 loans as a mechanism for the payment of student loan debt in the
37 event of a borrower's death. Nothing herein shall be construed to
38 require a borrower or cosigner of a student loan to purchase a life
39 insurance policy.

40

41 3. Section 1 of this act shall take effect immediately and
42 section 2 shall take effect on the 180th day after the date of
43 enactment.

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.

STATEMENT

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3 Current law requires the Higher Education Student Assistance
4 Authority to develop a student loan repayment information
5 document. The document includes: examples of monthly and
6 annual loan payments required for State, federal, and private
7 student loans, based on various principal loan amounts and current
8 interest rates; information on the time period it would take to fully
9 repay those loans based on various loan repayment schedules;
10 definitions of fixed rate loans, variable rate loans, and consolidation
11 loans; and information on the consequences and penalties of
12 defaulting on a student loan. This bill requires the document to also
13 include information on life insurance plans available to borrowers
14 and cosigners of student loans as a mechanism for the payment of
15 student loan debt in the event of a borrower's death. A life
16 insurance policy would help to financially protect a parent, or other
17 person, who may cosign for a student's loan in the event of the
18 student's death.
19 The bill also directs the Higher Education Student Assistance
20 Authority, in consultation with the Department of Banking and
21 Insurance, to contract with one or more life insurance companies to
22 offer life insurance policies to borrowers and cosigners of student
23 loans as a mechanism for the payment of student loan debt in the
24 event of a borrower's death.