ASSEMBLY, No. 2179

STATE OF NEW JERSEY

219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

Sponsored by:
Assemblyman RAJ MUKHERJI
District 33 (Hudson)

SYNOPSIS

Requires 90 days' notice of cancellation or nonrenewal of stop loss insurance for small employer health benefits plans.

CURRENT VERSION OF TEXT

Introduced Pending Technical Review by Legislative Counsel.

AN ACT concerning certain stop loss insurance coverage and supplementing P.L.1992, c.162 (C.17B:27A-17 et seq.).

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

1. An insurer providing stop loss or excess risk insurance shall provide to the plan sponsor not less than 90 days' written notice of cancellation or nonrenewal of the policy in a form to be determined by the Commissioner of Banking and Insurance.

2. This act shall take effect immediately and apply to stop loss or excess risk insurance policies issued or renewed in this State on or after the 90th day next following enactment.

STATEMENT

This bill requires that, with respect to a policy of stop loss or excess risk insurance issued relative to a small employer health benefits plan, the insurer shall provide not less than 90 days written notice of cancellation or nonrenewal of the policy to the plan sponsor, in a form to be determined by the Commissioner of Banking and Insurance.

"Stop loss" or "excess risk insurance," for the purposes of small employer health benefits plans regulated by the Department of Banking and Insurance, means an insurance policy designed to reimburse a self-funded arrangement of one or more small employers for catastrophic, excess or unexpected expenses, wherein neither the employees nor other individuals are third party beneficiaries under the insurance policy. In order to be considered stop loss or excess risk insurance for the purposes of P.L.1992, c.162 (C.17B:27A-17 et seq.), the policy shall establish a per person attachment point or retention or aggregate attachment point or retention, or both, which meet the following requirements:

a. If the policy establishes a per person attachment point or retention, that specific attachment point or retention shall not be less than $20,000 per covered person per plan year; and

b. If the policy establishes an aggregate attachment point or retention, that aggregate attachment point or retention shall not be less than 125% of expected claims per plan year.