

[Third Reprint]

SENATE, No. 2354

STATE OF NEW JERSEY
219th LEGISLATURE

INTRODUCED APRIL 9, 2020

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Downey, Assemblyman Johnson, Assemblywomen Lampitt, Pinkin, Jasey,
McKnight, DiMaso, Senators Pou and Ruiz**

SYNOPSIS

Prohibits cancellation or nonrenewal of insurance policies and insurance premium finance agreements for a period of at least 60 days under certain circumstances after declaration of public health emergency, or state of emergency, or both.

CURRENT VERSION OF TEXT

As amended on December 17, 2020 by the Senate pursuant to the Governor's recommendations.

(Sponsorship Updated As Of: 12/17/2020)

1 AN ACT concerning cancellation of ³**1**¹**certain**¹³ insurance policies
 2 ¹and insurance premium finance agreements¹ during a public
 3 health emergency or state of emergency and supplementing Title
 4 17 of the Revised Statutes.

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

8
 9 1. Notwithstanding the provisions of any other law, rule or
 10 regulation to the contrary, upon the declaration by the Governor, of
 11 a public health emergency, pursuant to the “Emergency Health
 12 Powers Act,” P.L.2005, c.222 (C.26:13-1 et seq.), or a state of
 13 emergency, pursuant to P.L.1942, c.251 (C.App.A.9-33 et seq.), or
 14 both, and upon a further determination by the Commissioner of
 15 Banking and Insurance, after consultation with the Governor, that
 16 the emergency or emergencies shall be of such duration and severity
 17 as to require certain actions with respect to policies of insurance,
 18 then the Commissioner of Banking and Insurance shall issue a
 19 bulletin requiring that for a period of at least 60 days, no policy of
 20 insurance issued ¹**to an insured**¹ in this State and subject to
 21 regulation pursuant to Title 17 of the Revised Statutes, or Title 17B
 22 of the New Jersey Statutes shall be cancelled or not renewed for
 23 nonpayment of premium ¹and no insurance premium finance
 24 agreement, as defined in section 2 of P.L.1968, c.221 (C.17:16D-2),
 25 shall be terminated and no insurance contract or contracts listed in
 26 the insurance premium finance agreement shall be cancelled by the
 27 insurance premium finance company. ³**The provisions of this**
 28 section shall apply only to policies and contracts of insurance if the
 29 policyholder is an individual or a business with 50 or fewer
 30 employees¹ ³**.**³ The commissioner shall direct insurers ¹, insurance
 31 premium finance companies, and other entities regulated by the
 32 Department of Banking and Insurance¹ to take appropriate actions
 33 to protect policyholders impacted by ³**COVID-19** ¹only if the
 34 policyholder is an individual or a business with 50 or fewer
 35 employees¹ ³**the public health emergency or state of emergency**³ ,
 36 which actions may include but shall not ¹be¹ limited to extending
 37 grace periods beyond the ³**minimum**³ grace periods required by
 38 this section, waiving late fees and penalties, ¹waiving finance
 39 charges³, waiving delinquency charges otherwise due³, prohibiting
 40 late payment reporting to credit rating agencies,¹ relaxing or
 41 extending due dates for premium payments and policy based loan
 42 payments or allowing extended payment plans, extending

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.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly floor amendments adopted July 30, 2020.

²Assembly floor amendments adopted August 27, 2020.

³Senate amendments adopted in accordance with Governor's recommendations December 17, 2020.

1 timeframes to complete property inspections or undergo medical
2 examinations, and taking any and all similar actions so as to avoid
3 the cancellation or nonrenewal of policies. ¹During the
4 ³**[minimum]**³ grace period provided by this section, coverage shall
5 remain in force, claims shall not be pended or held and shall be paid
6 by the insurer without regard to prior nonpayment of premium by
7 the policyholder, and the cost of the claims shall not be recouped by
8 the insurer in any way from any party during or after a
9 ³**[minimum]**³ grace period.¹

10 ²Nothing in this section shall prevent an insurer from recouping
11 the cost of nonpayment of premiums by a policyholder, provided
12 that any recoupment shall be subject to directions of the
13 commissioner issued pursuant to this section.²

14

15 2. This act shall take effect immediately and shall be
16 retroactive to March 1, 2020, and shall apply to any policy of
17 insurance ¹or insurance premium finance agreement ³**[held by an**
18 **individual or a business with 50 or fewer employees**¹]³ in effect in
19 this State on that date, and to any policy of insurance delivered,
20 issued, executed or renewed in this State, or approved for issuance
21 or renewal in the State by the Commissioner of Banking and
22 Insurance, on or after that date.