State of New Jersey
DEPARTMENT OF BANKING AND INSURANCE
OFFICE OF THE COMMISSIONER
PO BOX 325
TRENTON, NJ 08625-0325

TEL (609) 633-7667

PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

MARLENE CARIDE
Commissioner

BULLETIN NO. 20-16

TO: **ALL INSURERS AUTHORIZED OR ADMITTED TO TRANSACT LIFE INSURANCE IN NEW JERSEY, LICENSED INSURANCE PRODUCERS, INSUREDS, AND OTHER INTERESTED PARTIES**

FROM: **MARLENE CARIDE, COMMISSIONER**

RE: **90-DAY GRACE PERIOD FOR LIFE INSURANCE PREMIUM PAYMENTS DUE TO THE DISRUPTION CAUSED BY COVID-19**

On March 9, 2020, Governor Phil Murphy declared a state of emergency and public health emergency through the issuance of Exec. Order No. 103 (March 21, 2020) ___ N.J.R. ___ ("EO 103") to contain the spread of the Coronavirus ("COVID-19") pandemic. Governor Murphy later directed New Jersey residents to remain in their homes unless leaving was essential through the issuance of Exec. Order No. 107 (March 21, 2020) ___ N.J.R. ___ ("EO 107"). These Executive Orders were issued to contain the spread of the COVID-19 pandemic. On April 9, 2020, Governor Murphy Issued Exec. Order No. 123 __ N.J.R. __ ("EO 123"). EO 123 directed insurance companies to refrain from cancelling any policy or contract for nonpayment for a period of time as directed by the Commissioner of the Department of Banking and Insurance ("Commissioner"); to exercise appropriate forbearances on collection documentation; to amortize any unpaid payments over the remainder of the policy term or a period of up to 12 months, as appropriate, as directed by the Commissioner; and to refrain from seeking recoupment of any unpaid claims paid during the emergency grace period. The Department of Banking and Insurance ("Department") is issuing this Bulletin to direct all life carriers to extend a grace period for the payment of premiums to their insureds as set forth herein.

Since the outbreak of the respiratory disease COVID-19, individuals and businesses in the State of New Jersey have been negatively impacted in a variety of ways. For example, small businesses in the travel, entertainment, hospitality, and food service industries, have been adversely impacted by significant drops in business activities resulting, for some entities, in dramatic declines in revenue. Employees of these industries will be impacted, which may include the failure to be paid their regular salary or receive reimbursements when normally due. This, in turn, can adversely affect the ability of these individuals or businesses to make payments for obligations, such as insurance coverage, when due.

Currently, traditional life insurance policies include a grace period of not less than 30 days, and in certain circumstances for account value life insurance policies not less than 60 days. In

response to the disruption caused by COVID-19, the Department is directing all licensed life insurers to provide their policyholders or certificate holders who may be experiencing a financial hardship due to COVID-19 with at least a 90-day grace period to pay life insurance and annuity contracts premiums so that insurance policies or contracts are not cancelled for nonpayment of premium during this challenging time due to circumstances beyond the control of the insured. A policyholder may elect this 90-day emergency grace period to begin retroactively on April 1, 2020 or opt for the grace period to begin on May 1, 2020. During this extended grace period, life insurance companies cannot cancel any insurance policy for nonpayment of premium.

Insurers are directed to:

- Waive late payment fees otherwise due, including any interest permitted pursuant to N.J.S.A.17B:25-3, and not report late payments to credit rating agencies, during the 90-day period;
- Allow premiums due but not paid during the 90-day period to be paid over the course of the following year in up to 12 equal installments, except that an insurer may permit a longer repayment period; and
- Extend to 90 days the period to exercise policyholder and contract holder rights and benefits under life insurance and annuity contracts.

The extended grace periods described above shall apply to policyholders that were in good standing with their insurance carrier on March 1, 2020. This grace period is intended to be applied to premiums due after the initial premium has been made to secure coverage. It is not intended to change the terms of the issued policy or contract or be considered a forgiveness of the premium. Rather, it is intended that the insurer grant the policyholder or certificate holder an extended grace period for the payment of premium due without penalty or interest.

Insurers are further directed to, in addition to posting information on their website, provide each policyholder with an easily readable written description of the terms of the extended grace period offered pursuant to this guidance, which shall be submitted to the Department through the System for Electronic Rates and Forms Filing ("SERFF") as an informational filing.

In addition, to eliminate the need for in person payment methods, in order to protect the safety of workers and customers, all agents, brokers, and other licensees who accept premium payments on behalf of insurers must take steps to ensure that customers able to make payments have the ability to make prompt insurance payments through alternate methods of payment, such as online payments.

The Department will monitor events as they develop to determine if this emergency grace period must be extended.

April 10, 2020
Date

Marlene Caride
Commissioner

Jd Life ins prem grace pd Bulletin/COVID 19