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BULLETIN NO. 20-15

TO: **ALL INSURERS TRANSACTING PROPERTY AND CASUALTY INSURANCE IN NEW JERSEY, ALL LICENSED INSURANCE PRODUCERS, INSUREDS, AND OTHER INTERESTED PARTIES**

FROM: **MARLENE CARIDE, COMMISSIONER**

RE: **90-DAY GRACE PERIOD FOR PROPERTY AND CASUALTY 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 Executive Order No. 123 ("EO 123"). EO 123 directed insurers transacting property and casualty 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 property and casualty insurance carriers to extend a grace period 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.

In response to the disruption caused by COVID-19, the Department is directing all licensed property and casualty insurance carriers to provide their insureds who may be experiencing a financial hardship due to COVID-19 with at least a 90-day grace period to pay insurance premiums so that insurance policies 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, insurers shall not cancel any insurance policy for nonpayment.

Insurers are also directed to:

- Waive late payment fees otherwise due, 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 remainder of the current policy term or up to 12 months in up to 12 equal installments, whichever is longer, except that an insurer may permit a longer repayment period; and
- Ensure that late payments during the 90-day period are not considered in any future premium calculations at any time (i.e. applicable late payments should not be counted for any rating, pricing, tiering attributes, etc.).

This grace period is intended to be applied to all installment payments, including renewal down payments, provided that the insured provides notice to the insurer that the insured wishes to continue coverage. It is not intended to change the terms of the issued policy or be considered a forgiveness of the premium. Rather, it is intended that the insurer grant the policyholder 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.

Please note that this position may be revised or extended at any time in the discretion of the Commissioner.

April 10, 2020
Date

Marlene Caride
Commissioner

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