

Governor Murphy Signs Executive Order Extending Insurance Premium Grace Periods

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TRENTON -- Governor Phil Murphy today signed Executive [Order No. 123](#), extending grace periods during which certain insurance companies, including health insurers, life insurers, and property and casualty insurers, will not be able to cancel policies for nonpayment of premiums.

“We know the stringent measures we’ve put in place to combat COVID-19 have resulted in a loss of income and financial hardship for many,” **said Governor Murphy**. “However, no New Jerseyan deserves to lose their insurance during this emergency, and we cannot leave people in a weaker position once it ends.”

Governor Murphy’s Executive Order makes the following changes:

- **Extends minimum grace periods:** A minimum 60-day grace period will be required for health and dental insurance policies, and a minimum 90-day grace period will be required for life insurance, insurance premium-financing arrangements, and property and casualty insurance, which includes auto, homeowners, and renters insurance. Insurance companies will be required to notify policyholders of this emergency grace period and to waive certain late fees, interest, or other charges associated with delays in premium payments as directed by the Commissioner of Banking and Insurance. Insurers will also be required to provide each policyholder with an easily readable written description of the terms of the extended grace period. The extended grace periods will not apply to employer-funded health plans, which under federal law, are regulated exclusively by the federal government.
- **Requires insurance companies to pay claims during the grace period:** Insurance companies will be required to pay any claim incurred during the emergency grace period that would be covered under the policy. The Order further prohibits insurance companies from seeking recoupment of any claims paid during the emergency grace period based on non-payment of premiums.
- **Ensures that unpaid premiums are made payable over a lengthy period:** To ensure that policyholders are not required to make a lump sum payment on unpaid premiums at the end of the grace period, any unpaid premium will be amortized over the remainder of the policy term or a period of up to 12 months, as appropriate and as directed by the Commissioner of Banking and Insurance.

The Order will take effect immediately.

A copy of the Executive Order No. 123 can be found [here](#).