

ASSEMBLY, No. 3844

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED MARCH 16, 2020

Sponsored by:

Assemblyman ROY FREIMAN

District 16 (Hunterdon, Mercer, Middlesex and Somerset)

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

Assemblywoman ANNETTE CHAPARRO

District 33 (Hudson)

Co-Sponsored by:

Assemblywomen Reynolds-Jackson, McKnight, Lopez, Assemblymen Wimberly, Mazzeo, Chiaravalloti, Assemblywoman Jasey, Assemblyman Mejia, Assemblywomen Jimenez, Swain and Assemblyman Zwicker

SYNOPSIS

Concerns business interruption insurance during coronavirus disease 2019 state of emergency.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning certain covered perils under business
2 interruption insurance and supplementing Title 17 of the Revised
3 Statutes.

4
5 **BE IT ENACTED** *by the Senate and General Assembly of the State*
6 *of New Jersey:*

7
8 1. a. Notwithstanding the provisions of any other law, rule or
9 regulation to the contrary, every policy of insurance insuring
10 against loss or damage to property, which includes the loss of use
11 and occupancy and business interruption in force in this State on the
12 effective date of this act, shall be construed to include among the
13 covered perils under that policy, coverage for business interruption
14 due to global virus transmission or pandemic, as provided in the
15 Public Health Emergency and State of Emergency declared by the
16 Governor in Executive Order 103 of 2020 concerning the
17 coronavirus disease 2019 pandemic.

18 b. The coverage required by this section shall indemnify the
19 insured, subject to the limits under the policy, for any loss of
20 business or business interruption for the duration of that declared
21 State of Emergency.

22 c. This section shall apply to policies issued to insureds with
23 less than 100 eligible employees, in the State of New Jersey, and in
24 force on the effective date of this act. "Eligible employee" means a
25 full-time employee who works a normal work week of 25 or more
26 hours.

27
28 2. a. An insurer which indemnifies an insured who has filed a
29 claim pursuant to section 1 of this act may apply to the
30 Commissioner of Banking and Insurance for relief and
31 reimbursement by the commissioner from funds collected and made
32 available for this purpose as provided in section 3 of this act.

33 b. The commissioner shall establish procedures for the
34 submission and qualification of claims by insurers which are
35 eligible for reimbursement pursuant to this section. The
36 commissioner shall incorporate in these procedures such standards
37 as are necessary to protect against the submission of fraudulent
38 claims by insureds, and appropriate safeguards for insurers to
39 employ in the review and payment of such claims.

40
41 3. a. In addition to the special purpose apportionment made
42 pursuant to section 2 of P.L. 1995, c.156 (C.17:1C-20), the
43 Commissioner of Banking and Insurance is authorized to impose
44 upon, distribute among, and collect from the companies engaged in
45 business pursuant to subtitle 3 of Title 17 of the Revised Statutes,
46 such additional amounts as may be necessary to recover the
47 amounts paid to insurers pursuant to section 2 of this act.

1 purpose assessment under the general scheme already established
2 by law to recover the general expenses of the Department of
3 Banking and Insurance as the regulator of the insurance industry in
4 this State. The commissioner shall establish procedures for the
5 submission and qualification of claims by insurers which are
6 eligible for reimbursement, incorporating such standards as are
7 necessary to protect against the submission of fraudulent claims by
8 insureds, and appropriate safeguards for insurers to employ in the
9 review and payment of such claims.

10 Finally, the bill authorizes the commissioner to impose upon,
11 distribute among, and collect from insurance companies, other than
12 life and health insurance companies, the additional amounts as may
13 be necessary to recover the amounts paid pursuant to the bill. The
14 additional special purpose apportionment authorized by the bill
15 shall be distributed according to essentially the same procedures
16 and calculations as are provided currently for the existing special
17 purpose apportionment.

18 Industry sources have indicated that global virus transmission
19 and pandemic are generally excluded from the list of covered perils
20 under the existing standard business interruption insurance policy.
21 The Insurance Services Office, ISO, has developed a rider to
22 provide an insured with the option of purchasing such coverage, but
23 to date, no states have yet approved the form. This bill, then, is
24 intended to hold harmless a certain portion of the business sector,
25 which had the foresight to purchase business interruption insurance,
26 for losses sustained as a result of the current health emergency, but
27 for which no such coverage is currently offered.