SENATE COMMERCE COMMITTEE

STATEMENT TO

SENATE, No. 2422

STATE OF NEW JERSEY

DATED: MAY 16, 2022

The Senate Commerce Committee reports favorably Senate Bill No. 2422.

This bill updates the "New Jersey Life and Health Insurance Guaranty Association Act" to current standards from the National Association of Insurance Commissioners.

Among the updates in the bill is an expansion of the assessment base that is to cover the insolvencies of long-term care insurers. All life and health insurers will be required to assist in covering these insolvencies. Currently, assessments are made against all health insurance companies, even if the company does not sell long-term care insurance, but only those life insurance companies that sell long-term care insurance are assessed.

Additionally, this bill sets the cap at $500,000 on health insurance benefits issued by the guaranty association in cases of insurer impairment or insolvency. This cap is proposed for adjustment based upon changes in the health care costs component of the consumer price index from January 1, 2022, to the date on which the member insurer, as defined in the bill, becomes an insolvent insurer.