



State of New Jersey
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JAMES E. MCGREEVEY
Governor

HOLLY C. BAKKE
Commissioner

BULLETIN NO. 03-08

TO: ALL INSURERS PROVIDING PROFESSIONAL LIABILITY INSURANCE
FROM: HOLLY C. BAKKE, COMMISSIONER
RE: PROFESSIONAL LIABILITY PROTECTION FOR
PERSONS ORDERED TO ACTIVE DUTY

The Governor of the State of New Jersey, James E. McGreevey, on April 1, 2003, issued Executive Order No. 54, which directs the Department of Banking and Insurance to take action to protect persons ordered to active duty who have professional liability insurance.

The purpose of this Bulletin is to remind and/or advise insurers providing professional liability insurance of their responsibility to their insureds during periods of military conflict involving our armed forces. The President of the United States has authorized the Secretary of Defense to call select Reserve and National Guard units to active duty in response to the continuing global war on terrorism and the armed conflict in Iraq. The President of the United States has also authorized the Secretary of Homeland Security to similarly call up members of the Coast Guard Reserve. The Governor has also mobilized units of the New Jersey National Guard to State active duty. As a result of these actions, New Jersey residents are among the Reserve and National Guard members who have been mobilized into active duty with the United States Armed Forces or the New Jersey National Guard, and all such Reserve and National Guard members are serving vital national and State interests.

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As a consequence of their being called to active duty, it is likely that the State's resident Reserve and National Guard members and their families will suffer short and long-term emotional, financial and physical hardships due to their service during Operation Iraqi Freedom. It is fitting and proper that the State recognize the sacrifices made by our residents in the Reserve and National Guard and the debt owed to them and their families.

This Bulletin is intended to advise insurers providing professional liability insurance of their responsibilities as set forth in the Trading with the Enemy Act, 50 App.USCA § 592 (the "Act"). These protections are essential to ensuring that our brave service-people can serve our country without having to worry about missing a premium payment on a professional liability policy, as well as whether their coverage will lapse. The Act covers persons with professional liability insurance policies who are ordered to active duty. The Act prevents a professional liability insurance carrier from requiring premiums to be paid by or on behalf of a person called to active duty for any professional liability insurance coverage that has been suspended, when a written request by such person has been received by the insurance carrier. Additionally, professional liability insurance coverage suspended pursuant to the Act shall be reinstated by the insurance carrier on the date that a written request for reinstatement of coverage is submitted, but only if received within 30 days from being released from active duty. The insurance carrier shall notify the person of the due date for payment of the premium of such insurance. Such premium shall be paid within 30 days after the receipt of said notice.

The period for which professional liability insurance coverage shall be reinstated may not be less than the balance of the period for which coverage would have continued under the insurance policy if the coverage had not been suspended.

All carriers providing professional liability insurance should be mindful of, and conduct their business practices in conformity with the provisions of the Act. The Department has to date avoided adopting emergency regulations that would provide it with enforcement authority, and expects that those steps will continue to be unnecessary.

If you have any questions regarding the applicability of this Bulletin please submit them to:

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4/17/03
Date

/s/ Holly C. Bakke
Holly C. Bakke
Commissioner

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