

NJ residents face insurance challenges beyond grace periods during pandemic

My Central Jersey

Among the many impacts of the coronavirus are those on insurance.

Gov. Phil Murphy last week mandated a 90-day grace period for auto, homeowner's and renter's insurance payments and a 60-day grace period for health insurance payments.

Murphy's reprieve, however, doesn't aid the uninsured and the small business owners who are hurdling obstacles of the federal government's stimulus package, either after they were forced to shut down or have seen their income fall off precipitously because customers' shopping habits have dissipated.

Business interruption insurance is designed to cover lost income from closures due to fires, floods, terrorism, vandalism and other catastrophic events. But insurance companies have said that losses from the pandemic are not covered by these policies.

Patricia Fiorelli, owner of USA Karate Academy in Green Brook, is among those devastated by denied claims.

The response from her insurance company, which she shared with MyCentralJersey, stated, "Unfortunately, there is no business coverage for this situation nor is there any coverage for purchase at this time. The coverage trigger for business income and extra expense coverage is direct damage to property at an insured location by a covered cause of loss. A suspension of operations or loss of income resulting from an outbreak of the coronavirus causes no direct damage to property and is not itself a covered cause of loss."

"When I received the response stating that the COVID-19 crisis is not a qualifying event for which

business interruption insurance applies, it was like a punch in the gut,” Fiorelli said. “If the fact that I was forced to close by the government, through no fault of my own, does not qualify for business interruption insurance claims then what does?”

R.J. Lehman, director of finance, insurance and trade policy of R Street Institute, a Washington, D.C.-based public policy research group, said there isn’t a good answer.

“Any government action to rewrite the terms of coverage retroactively threatens the solvency of the sector and its ability to pay legitimate claims for which policyholders have paid premiums in good faith,” Lehman stated. “That includes both claims that do arise from COVID-19, such as workers’ compensation claims for medical workers and first responders, and unrelated claims for wildfires, hurricanes and other disasters that we can expect in the months ahead.”

Flood of claims

Health insurance is poised for the same tsunami, said Jay Feinman, a law professor at Rutgers University – Camden, where he also is co-director of the Rutgers Center for Risk and Responsibility and director of the Essential Protections for Policyholders project in cooperation with United Policyholders.

“For people who have health insurance ... most insurers have said that they’re going to waive co-pays or deductibles for COVID-19 so people don’t have to worry about the expense of testing,” Feinman said. “The real problem comes with people who lost their jobs and, therefore, lost health insurance or didn’t have it to begin with.”

Replacement health insurance provided by the Consolidated Omnibus Budget Reconciliation Act of 1985, known as COBRA, is available but expensive for the 6.6 million workers unemployed by the virus, Feinman said.

The nightmare continued, he said, when the federal government refused to reopen the Affordable Care marketplace as requested by 11 states, including New Jersey. That would have provided “Obamacare” for those who either didn’t enroll by last year’s deadline or didn’t need to because they were insured until they recently were laid off, he said.

Many of the uninsured are scared, including Dr. Dan Gollin, a psychiatrist from Kearny whose wife has cancer. Gollin said because of the expense of his wife’s cancer care, as well as insurance agencies denying payments for care he provides his patients, he only can afford to insure his wife and their son. He remains uninsured, which is frightening during the pandemic, he said.

“If something bad happens to me, my patients will be screwed until they can scramble and find a new doctor,” Gollin said. “And my wife and son will not have enough money, no savings and not enough income to live.”