



**State of New Jersey**  
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**BULLETIN NO. 06-01**

**TO: ALL LIFE & HEALTH INSURERS, HEALTH SERVICE CORPORATIONS, AND FRATERNAL BENEFIT SOCIETIES**

**FROM: DONALD BRYAN, ACTING COMMISSIONER  
DEPARTMENT OF BANKING AND INSURANCE**

**RE: EFFECT OF THE PUBLIC ADVOCATE RESTORATION ACT OF 2005  
UPON POLICYHOLDER NOTICES FOR MEDICARE SUPPLEMENT  
INSURANCE RATE INCREASES**

P.L. 2005, c. 155, effective January 17, 2006 ("the Act"), restores the Department of the Public Advocate as a principal department in the Executive Branch of State government. This Act also establishes the Division of Rate Counsel in the Department of the Public Advocate. Pursuant to the Act, the Division of Rate Counsel may represent and protect the public interest in significant proceedings that pertain solely to prior approval rate increases for personal lines property casualty coverage or Medicare Supplement coverages. Pursuant to the Act, the Division of Rate Counsel shall have no jurisdiction or authority to participate or intervene in Medicare Supplement prior approval rate filings of seven percent or less. The Act also mandates specific timeframes for the issuance of certain notices related to rate filings.

The purpose of this Bulletin is to advise carriers who issue policies providing Medicare Supplement Insurance coverage and address concerns they may have on the effect of this Act on the Department of Banking and Insurance (Department) policies and rules governing policyholder notices for Medicare Supplement Insurance. The impact of the Act on Medicare Supplement Insurance coverage is as follows:

- The 10 business day time frame set forth in N.J.A.C.11:1-45.3(a) for companies to send notices to policyholders of the filing of Medicare Supplement Rate increases for prior approval is revised to 7 business days from submission of the filing to the Department. The sending of this notice is only required for Plans for which the rate increase exceeds 7% annually;
- A copy of any Medicare Supplement prior approval rate filing exceeding 7% annually shall be sent to the Division of Rate Counsel concurrently with the filing being made with the Department. An address will be provided at a later date.

The Department is currently in the process of revising its current rules found at N.J.A.C. 11:1-45 – Notice to Policyholders of Consumer Insurance Rate Increases as well as N.J.A.C. 11:4-23.13(c) to reflect the necessary changes, as listed above. Pending these revisions, the form of notice for Medicare Supplement rate increases should be that set forth in the first paragraph of the Appendix to N.J.A.C. 11:1-45, in which the TYPE OF COVERAGE should specify Medicare Supplement and the Plan (generally, A – L in the case of standardized coverage) and the percentage increase indicated should be for that plan. (Notice is not required for Plans where the increase does not exceed 7%) The notice does not need to list the requested increase for other Plans, nor does it need to include the statement “The impact of the filing on your rates may vary substantially, depending on the terms of your policy and your individual circumstances.”

The Department will be providing additional information at a future date regarding the annual insurance assessments that will be implemented in order to cover the expenses incurred for the special functions of the Division of Rate Counsel as provided by law.

January 9, 2006  
Date

/s/ Donald Bryan  
Donald Bryan  
Acting Commissioner

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