

NEW JERSEY DEPARTMENT OF BANKING AND INSURANCE
LIFE & HEALTH ACTUARIAL

To: Ellen DeRosa, Executive Director, IHC and SEH Boards
From: R. Neil Vance, Managing Actuary, NJ DOBI
Re: Summary of Exhibit J (IHC Loss Ratio Reports) for 2012
Date: December 4, 2013

The above reports were due on August 15, 2013. Substantially complete and accurate reports were received from all 6 IHC carriers (Aetna, AmeriHealth, Celtic, CIGNA, Horizon, and United HealthCare, including Health Net and Oxford).

The IHC market in 2012 had premiums of \$686.7 mm, claims of \$592.0 mm, and a loss ratio of 86.2%. For comparison, the 2011 figures were premium of \$626.0 mm, claims of \$548.2 mm, and loss ratio of 87.6%. So the market grew slightly and the average loss ratio improved slightly. At the end of 2012, approximately 144,000 people were covered in the IHC market, an increase from approximately 137,000 at the end of 2011.

Two carriers reported loss ratios lower than 80% and thus will pay refunds to policyholders. Refunds are calculated as a percentage of premium equal to the difference between 80% and the reported ratio (if lower than 80%).

Carrier	Premium	Loss Ratio	Refund
Celtic	\$ 18,336	0.0%	\$ 14,670
Horizon	\$ 502,997,829	79.3%	\$ 3,713,191

In the IHC market, refund liability is calculated on an affiliated carrier basis. So "Horizon" represents the combined results of Horizon BCBS and Horizon HC.

The Department has completed its review and directed payments of these refunds.

The other carriers have loss ratios in excess of 80%.

CARRIER	Premium	Loss Ratio
Aetna	\$ 15,306,076	155.1%
AmeriHealth	\$ 42,661,311	95.6%
CIGNA	\$ 416,487	96.5%
Oxford	\$124,004,601	102.7%

RNV