

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM

20 West State Street, 10th Floor
P.O. Box 325
Trenton, NJ 08625
Phone: (609) 633-1882 x50306
Fax: (609) 633-2030
E-mail: wsanders@dobi.state.nj.us

**IN THE MATTER OF STANDARD SECURITY LIFE
INSURANCE COMPANY OF NEW YORK'S
APPEAL FROM THE 1997/1998 LOSS ASSESSMENT
AND FISCAL YEARS 2000/2001 ADMINISTRATIVE
EXPENSE ASSESSMENT**

ADMINISTRATIVE ORDER NO. 00-02

WHEREAS, the New Jersey Individual Health Coverage Program ("IHC") Board is authorized by the Individual Health Insurance Reform Act of 1992 ("IHC Act"), P.L. 1992, c. 161 (N.J.S.A. 17B:27A-2 *et seq.*), and regulations promulgated thereunder and set forth at N.J.A.C. 11:20-1.1 *et seq.*, to assess each member of the IHC Program annually for its share of reimbursable losses and administrative expenses, based on the proportion that the member's net earned premium for the two-year calculation period preceding the assessment bears to the net earned premium for all members of the IHC Program for that two-year calculation period; and

WHEREAS, on February 23, 1999, Standard Security Life Insurance Company of New York ("Standard") filed a Carrier Market Share and Net Paid Gain (Loss) Report (the "1997/1998 Exhibit K"), reporting \$9,568,601 in net earned premium for all health benefits plans in 1997 and 1998; and

WHEREAS, on October 1, 1999, the IHC Board issued Advisory Bulletin 99-03, its Notice of 2000/2001 Minimum Enrollment Share and Preliminary Notice of 1997/1998 Loss Share, which provided members with preliminary notice of their assessment based on reported net earned premium and stated: "If the net earned premium on the attached spreadsheet does not reflect your total net earned premium for both 1997 and 1998, please contact [the IHC Board] immediately"; and

WHEREAS, on November 17, 1999, the IHC Board issued an assessment invoice to Standard Security for the 1997/1998 two-year calculation period for reimbursable losses of \$211,984.21 and estimated fiscal year 2000/2001 administrative expenses of \$1,159.96, which assessments were based on the net earned premium that were reported by Standard Security on 1997/1998 Exhibit K; and

WHEREAS, pursuant to N.J.A.C. 11:20-2.12(f)1iii and N.J.A.C. 11:20-2.17(e)1iii, members may report good faith errors relating to or involving an assessment within 60 days after their occurrence; and

WHEREAS, on December 16, 1999, the IHC Board received a letter from Standard Security dated December 7, 1999 in which Standard Security reported that it incorrectly reported and certified to its net earned premium on its February 23, 1999 Exhibit K;

WHEREAS, Standard Security submitted a revised 1997/1998 Exhibit K and a Certification of Non-Member Status dated February 11, 2000, certifying that Standard Security did not have any net earned premium in 1997 and 1998; and

WHEREAS, Standard Security did not pay the assessment invoice dated November 17, 1999; and

NOW THEREFORE, pursuant to the authority granted to the IHC Board by *N.J.S.A. 17B:27A-2 et seq.*, *N.J.A.C. 11:20-1 et seq.*, and all powers expressed or implied therein, and the decision of the IHC Board as expressed by this Administrative Order,

IT IS on this 15th day of May, 2000,

ORDERED that the IHC Board shall make an adjustment to the 1997/1998 loss assessment and fiscal year 2000/2001 administrative expense assessment for Standard Security to reflect that Standard Security was not a member of the IHC Program for the 1997 and 1998 two-year assessment cycle, pursuant to Standard Security's revised 1997/1998 Exhibit K and Certification of Non-Member Status dated February 11, 2000; and

IT IS FURTHER ORDERED THAT its assessment for 1997/1998 losses and 2000/2001 administrative expenses shall be \$0.

Wardell Sanders, Executive Director
Individual Health Coverage Program Board

DATE: _____