

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM

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**IN THE MATTER OF COMMERCIAL TRAVELERS
MUTUAL INSURANCE COMPANY'S LATE FILING
OF EXHIBIT K FOR THE 1997/1998 LOSS
ASSESSMENT AND FISCAL YEARS 2000/2001
ADMINISTRATIVE EXPENSE ASSESSMENT**

ADMINISTRATIVE ORDER NO. 00-07

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, Commercial Travelers Mutual Insurance Company ("Commercial Travelers") is a "carrier" and a "member" of the IHC Program as defined in the IHC Act; and

WHEREAS, N.J.A.C. 11:20-8.2 requires that every member of the IHC Program, on or before March 1 of the year following every two-year calculation period, file a carrier Market Share and Net Paid Gain (Loss) Report ("Exhibit K"); and

WHEREAS, in December of 1998, the IHC Board provided all licensed carriers with a Notice of Annual Filing Requirements for the IHC Program which included filing instructions and a blank Exhibit K for members and a Certification of Non-member Status for non-members of the IHC Program; and

WHEREAS, Commercial Travelers filed a 1997/1998 Certification of Non-member Status, dated January 19, 1999, certifying that it was not a member of the IHC Program because it did not issue or have in force any health benefits plans in New Jersey during 1997 and 1998; and

WHEREAS, on November 17, 1999, in reliance on Commercial Traveler's Certification of Non-member Status and on Exhibit K filings from all member carriers, the IHC Board issued assessment invoices to members of the IHC Program for the 1997/1998 two-year calculation period for reimbursable losses and estimated fiscal year 2000/2001 administrative expenses, which assessment invoices did not include an assessment invoice for Commercial Travelers; and

WHEREAS, by letter dated January 10, 2000 the IHC Board asked for clarification regarding "Blanket Student Accident" coverage noted on Commercial Travelers's 1997/1998 Certification of Non-member Status; and

WHEREAS, Commercial Travelers submitted a 1997/1998 Exhibit K, dated February 3, 2000, reporting \$1,734,815 in net earned premium for all health benefits plans in 1997 and 1998, and thereby revoked its previously submitted 1997/1998 Certification of Non-member Status; 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 23rd day of June, 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 Commercial Travelers based on net earned premium of \$1,734,815 as reported by Commercial Travelers in its 1997/1998 Exhibit K dated February 3, 2000; and

IT IS FURTHER ORDERED THAT any future interim or final reconciliation of or adjustment to the 1997/1998 loss assessment and/or the 2000/2001 administrative expense assessment shall be calculated using \$1,734,815 as Commercial Travelers's net earned premium as reported on its revised 1997/1998 Exhibit K dated February 3, 2000.

Wardell Sanders, Executive Director
Individual Health Coverage Program Board

DATE: _____