

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](mailto:wsanders@dobi.state.nj.us)

IN THE MATTER OF APPEAL BY  
RELIABLE LIFE INSURANCE  
COMPANY OF ITS LOSS ASSESSMENTS  
BY THE INDIVIDUAL HEALTH COVERAGE  
PROGRAM BOARD OF DIRECTORS  
FOR THE 1999/2000 TWO-YEAR  
CALCULATION PERIOD

**ADMINISTRATIVE ORDER NO. 02-IHC-03**

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, to assess each member of the IHC Program for its share of reimbursable losses and administrative expenses, based on the proportion that the member's net earned premium for the calculation period preceding the assessment bears to the net earned premium for all members of the IHC Program for that calculation period; and

WHEREAS, Reliable Life Insurance Company ("Reliable") is a "carrier" and a "member" of the IHC Program as defined in the IHC Act; and

WHEREAS, Reliable filed a Carrier Market Share and Net Paid Gain (Loss) Report (the "1999/2000 Exhibit K") dated February 20, 2001, reporting \$1,890,813 in net earned premium for all health benefits plans in 1999 and 2000; and

WHEREAS, on August 16, 2001, the IHC Board issued Advisory Bulletin 01-IHC-01, its Preliminary Notice of 1999/2000 Loss Share and Notice of 2001/2002 Minimum Enrollment Share/Exemption Requests, which provided members with preliminary notice of their assessment based on reported net earned premium and stated: "[I]f the net earned premium on the attached spreadsheet does not reflect your *total* net earned premium for *both* 1999 and 2000, please contact [the IHC Board] immediately"; and

WHEREAS, on March 25, 2002, the IHC Board issued an assessment invoice to Reliable Life Insurance Company for 1999/2000 two-year calculation period for \$5,538.81 for reimbursable losses and \$167.39 for estimated administrative expenses

which assessments were based on the net earned premium that were reported by Reliable on its 1999/2000 Exhibit K dated February 20, 2001; and

WHEREAS, by letter dated April 26, 2002, Reliable Life appealed from its proportional share of the 1999/2000 loss assessment and administrative assessment issued by the IHC Board on March 25, 2002 noting that the carrier had originally included accident only premium in its net earned premium reported on the 1999/2000 Exhibit K dated February 20, 2001 which premium is specifically excluded from the definition of a health benefits plan pursuant to N.J.S.A. 17B:27A-2; and

WHEREAS, Reliable Life filed a new 1999/2000 Exhibit K, dated April 24, 2002, reporting \$1,427,313 in net earned premium for all health benefits plans in 1999 and 2000; and

WHEREAS, by a check dated April 24, 2002, Reliable provided payment of \$5,706.19, which payment represented payment in full for the invoiced loss assessment and administrative assessment; 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

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 14th day of May, 2002,

ORDERED that the IHC Board shall make an adjustment to the 1999/2000 loss assessment and fiscal year 2002/2003 administrative expense assessment for Reliable based on net earned premium of \$1,427,313, as reported by Reliable in its revised 1999/2000 Exhibit K dated April 24, 2002, and any refunds due will be paid to Reliable upon final reconciliation of these assessments at the conclusion of all appeals and loss audits.

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Wardell Sanders, Executive Director  
Individual Health Coverage Program Board

DATE: \_\_\_\_\_