

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD

Trenton, NJ 08625

IN THE MATTER OF SECURITY ASSURANCE COMPANY'S
APPEAL OF THE INDIVIDUAL HEALTH COVERAGE
PROGRAM BOARD'S ASSESSMENT FOR REIMBURSABLE
LOSSES AND ADMINISTRATIVE EXPENSES FOR
CALENDAR YEAR 1994

ADMINISTRATIVE ORDER NUMBER 96-06

WHEREAS, the New Jersey Individual Health Coverage Program ("IHC") Board is authorized by the Individual Health Insurance Reform Act of 1992 ("IHC Act"), N.J.S.A. 17B:27A-2 et seq., and regulations promulgated thereunder, to administer the IHC Program, to assess members of the IHC Program on the basis of their proportionate share of program losses and administrative expenses and to take any legal actions necessary to recover assessments owed to the IHC Program;

WHEREAS, Security Assurance Company ("Security") is a "carrier" that reported accident and health premium on its annual statement filed with the New Jersey Department of Insurance;

WHEREAS, Security filed late a request for non-member status with the IHC Board on March 22, 1995;

WHEREAS, the IHC Board, on November 21, 1995, assessed Security for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1994 in the amount of \$45,939, based on the accident and health premium reported on the annual statement filed with the New Jersey Department of Insurance;

WHEREAS, Security appealed the assessment by letter dated December 1, 1995, on the grounds that Security is not a member of the IHC Program subject to assessment because its accident and health premium is entirely attributable to credit insurance;

WHEREAS, the IHC Board has considered Security's appeal of the 1994 assessment. Based on the undisputed facts, the Board's concludes that "credit" insurance is expressly excluded from the definition of "health benefits plan" in N.J.A.C. 11:20-1.2, therefore, Security is not a member of the IHC Program and the Board's assessment of Security was an inadvertent error;

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

IT IS on this 13th day of February, 1996,

ORDERED that Security's appeal of the 1994 assessment by the IHC Board is hereby granted.

Kevin O'Leary, Executive Director

Date