

NEW JERSEY  
**INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD**  
Trenton, NJ 08625

IN THE MATTER OF FEDERAL HOME LIFE INSURANCE  
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 96-10**

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, Federal Home Life Insurance Company ("Federal") is a "carrier" that filed a Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board on February 28, 1995 which reported net earned premium of \$2,588,597 and sought reimbursement of \$1,126,642 in net paid losses;

WHEREAS, Federal has never filed rates or forms with the IHC Board and has not, to the Board's knowledge, offered community rated or modified community rated individual health benefits plans to eligible persons in New Jersey.

WHEREAS, pursuant to N.J.S.A. 17B:27A-12, only losses on individual health benefits plans issued on a community rated or modified community rated basis are eligible for reimbursement;

WHEREAS, the IHC Board, on November 21, 1995, assessed Federal for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1994 in the amount of \$37,639, based on its net earned premium.

WHEREAS, Federal appealed the assessment by letter dated November 28, 1995, on the grounds that Federal incorrectly reported its net earned premium as a result of including premiums from credit insurance, and submitted a revised Exhibit K reporting \$263,959 in net earned premium and seeking reimbursement of net paid losses of \$45,685;

WHEREAS, Federal failed to pay the assessment, notwithstanding the requirement under N.J.A.C. 11:20-2.17(e) that assessments under dispute be paid in full;

WHEREAS, the IHC Board has considered Federal's appeal of the 1994 assessment. Based upon Federal's revised Exhibit K, certified by Patrick L. Edmunds, Vice President, the Board accepts the late filing and agrees to accept Federal's revised net earned premium. The

Board rejects Federal's request for reimbursement of net paid losses because Federal does not, and has not, to the Board's knowledge, ever offered community rated or modified community rated individual health benefits plans to eligible persons in New Jersey. Therefore, Federal does not qualify for reimbursement of losses.

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 12th day of March, 1996,

ORDERED that Federal's appeal of the 1994 assessment by the IHC Board is hereby granted with respect to its request to revise its reported net earned premium for calendar year 1994 to \$263,959, but is denied with respect to its request for reimbursement of \$45,685. Federal is directed to pay a revised assessment, with penalty interest as provided under N.J.A.C. 11:20-2.17(e)1, as calculated by the Board upon resolution of all pending appeals.

---

Kevin O'Leary, Executive Director

---

Date