

NEW JERSEY  
**INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD**

Trenton, NJ 08625

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

**ADMINISTRATIVE ORDER NUMBER 96-17**

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

WHEREAS, Sun Life filed, by letter dated February 22, 1995, a request for non-member status with the IHC Board with respect to calendar year 1994, as required by N.J.A.C. 11:20-13.1 et seq. and asserted that it did not write either individual or group health insurance in New Jersey;

WHEREAS, in response to a request by the Board for clarification of its non-member certification, Sun Life stated, in a letter dated April 18, 1995, that its accident and health premium was attributable to: disability income; dental only; and stop loss insurance (with no indication of whether the attachment points complied with N.J.A.C. 11:20-1.2, the definition of "net earned premium");

WHEREAS, the IHC Board, on November 21, 1995, assessed Sun Life for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1994 in the amount of \$10,464, based only on the portion of its accident and health premium attributable to stop loss coverage;

WHEREAS, Sun Life did not pay the assessment. In response to a notice of late payment from the Board, dated February 15, 1996, Sun Life asserted, in a letter dated February 29, 1996, that its stop loss coverage met or exceeded the requirements of N.J.A.C. 11:20-1.2, the definition of "net earned premium and renewed its request for non-member status for calendar year 1994;

WHEREAS, the IHC Board has considered Sun Life's appeal of the 1994 assessment. Based on the undisputed facts, the Board's concludes that "stop loss" insurance with per person limits of no less than \$25,000 per year and 110% of expected claims in the aggregate is expressly

excluded from the definition of “net earned premium” in N.J.A.C. 11:20-1.2, therefore, Sun Life is not a member of the IHC Program.

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 Sun Life’s appeal of the 1994 assessment by the IHC Board is hereby granted. The Board shall rescind the assessment.

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Kevin O’Leary, Executive Director

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Date