

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
Trenton, NJ 08625

IN THE MATTER OF CONNECTICUT GENERAL 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 96-19

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, Connecticut General Life Insurance Company ("Connecticut General") is a "carrier" that filed, on March 20, 1995, a combined carrier Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board on behalf of Connecticut General Life Insurance Company and its affiliates, which reported net earned premium of \$367,133,529.

WHEREAS, CIGNA HealthCare ("CIGNA") is an affiliated carrier of Connecticut General which sought, and received, an exemption from assessment for 1993 reimbursable losses of the IHC Program, pursuant to N.J.A.C. 11:20-9.5;

WHEREAS, the IHC Board, on November 21, 1995, assessed Connecticut General in the amount of \$2,661,664 for its share of 1994 reimbursable losses and administrative expenses and \$1,232,081 for its share of 1993 losses and administrative expenses.

WHEREAS, Connecticut General paid the total invoice amount of \$3,893,745 on December 15, 1995 and appealed the assessment, by letter dated December 15, 1995, on the grounds that, with respect to the 1993 share of losses, the Board failed to apply the prorata exemption granted to Connecticut General for calendar year 1993.

WHEREAS, the IHC Board has considered Connecticut General's appeal of the 1994 assessment and concludes that Connecticut General's share of reimbursable losses should have been calculated in accordance with the 4.8% prorata exemption granted to CIGNA and its affiliate, Connecticut General, for calendar year 1993 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 9th day of April, 1996,

ORDERED that Connecticut General's appeal of the 1994 assessment, with respect to the 1993 share of losses contained therein, is hereby granted, and that the Board's shall recalculate the 1993 assessment, applying the prorata exemption, and notify Connecticut General of the amount of any assessment due or refund owed following resolution of all pending appeals and recalculation of all carriers' assessments for calendar years 1993 and 1994.

Kevin O'Leary, Executive Director

Date