

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
Trenton, NJ 08625

IN THE MATTER OF TRUSTMARK INSURANCE
COMPANY'S APPEAL OF THE INDIVIDUAL
HEALTH COVERAGE PROGRAM BOARD'S
ASSESSMENT FOR REIMBURSABLE LOSSES AND
ADMINISTRATIVE EXPENSES FOR CALENDAR
YEARS 1994 AND 1995

ADMINISTRATIVE ORDER NUMBER 96-28

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, Trustmark Insurance Company ("Trustmark") is a "carrier" that filed Market Share and Net Paid Loss Reports ("Exhibit K") with the IHC Board on: February 28, 1995 which reported calendar year 1994 net earned premium of \$9,823,560; and on March 1, 1996, which reported calendar year 1995 net earned premium of \$7,546,487;

WHEREAS, the IHC Board, on November 21, 1995, assessed Trustmark for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1994 in the amount of \$142,680 based on its reported net earned premium. Trustmark paid its assessment on December 18, 1995 and did not appeal pursuant to N.J.A.C. 11:20-2.15;

WHEREAS, the IHC Board, on June 12, 1996, assessed Trustmark for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1995 in the amount of \$245,218, based on its reported net earned premium, of which Trustmark paid \$178,324 on July 22, 1996, and appealed the assessment, by letter dated June 4, 1996, pursuant to N.J.A.C. 11:20-2.15.

WHEREAS, Trustmark appealed on the grounds that Trustmark incorrectly reported its net earned premium as a result of including premiums from certain non-assessable stop loss coverage, and submitted a revised figure for 1995 of \$5,483,643 in net earned premium. With its appeal of the 1995 calendar year assessment, Trustmark also sought to appeal the assessment for calendar year 1994 on the same grounds and has submitted a revised net earned premium figure for that year;

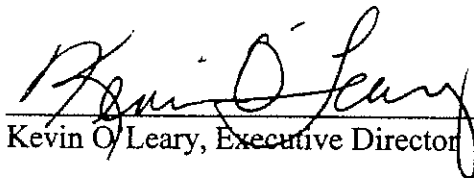
WHEREAS, N.J.A.C. 11:20-2.15 provides that "[a] Member seeking to challenge the amount of an assessment must do so within 20 days of receiving the notice of the assessment following the procedures established by the Board."

WHEREAS, the IHC Board has considered Trustmark's appeals of the 1994 and 1995 assessments. The Board finds that Trustmark's appeals of the 1994 assessment is time-barred by N.J.A.C. 11:20-2.15. Trustmark's appeal of the 1995 assessment was timely filed and the Board agrees to accept Trustmark's revised net earned premium of \$5,483,643;

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 this Administrative Order;

IT IS on this 12th day of August, 1996,

ORDERED by the Individual Health Coverage Program Board that: (1) Trustmark's appeal of the 1994 assessment is hereby denied; and (2) Trustmark's appeal of the 1995 assessment is hereby granted. The Board will recalculate the 1995 assessment on the basis of Trustmark's revised net earned premium upon resolution of all pending appeals and, at that time, refund to Trustmark any portion of the paid assessment no longer due to the IHC Program.


Kevin O'Leary, Executive Director

11-18-96
Date

**NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM**

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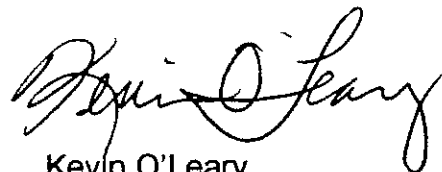
November 15, 1996

Ms. Karen M. Schmidt, Second Vice President
and Associate Counsel
Trustmark Insurance Co.
400 Field Drive
Lake Forest, Illinois 60045

Dear Ms. Schmidt:

Enclosed please find the Individual Health Coverage Program Board's final decision regarding Trustmark Insurance Co.'s appeal of the 1995 assessment. Please feel free to call me if you have any questions about the Order or the IHC Program generally.

Sincerely,



Kevin O'Leary
Executive Director

encl.