

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

IN THE MATTER OF AMERICAN NATIONAL  
INSURANCE COMPANY'S APPEAL OF THE  
INDIVIDUAL HEALTH COVERAGE PROGRAM  
BOARD'S ASSESSMENT FOR REIMBURSABLE  
LOSSES AND ADMINISTRATIVE EXPENSES FOR  
CALENDAR YEAR 1995

**ADMINISTRATIVE ORDER NUMBER 96-29**

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, American National Insurance Company ("American National") is a "carrier" that filed a Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board on February 16, 1996, which reported calendar year 1995 net earned premium of \$1,721,259;

WHEREAS, the IHC Board, on June 12, 1996, assessed American National for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1995 in the amount of \$55,931, based on its reported net earned premium, of which American National paid \$31,892 on July 15, 1996, and appealed, by letter dated June 26, 1996, pursuant to N.J.A.C. 11:20-2.15.

WHEREAS, American National appealed on the grounds that American National incorrectly reported its net earned premium as a result of double counting premiums from certain group coverage, and submitted a revised figure for 1995 of \$981,459 in net earned premium;

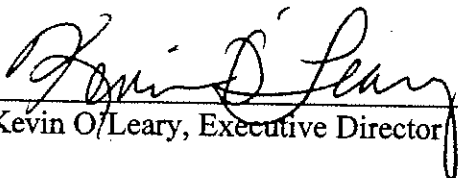
WHEREAS, N.J.A.C. 11:20-2.15 provides that "[a] Member seeking to challenge the amount of an assessment must do so within 20 days of receiving the notice of the assessment following the procedures established by the Board;" and

WHEREAS, the IHC Board has considered American National's appeal of the 1995 assessment. The Board finds that American National's appeal of the 1995 assessment was timely filed and the Board agrees to accept American National's revised net earned premium of \$981,459;

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 American National's appeal of the 1995 assessment is hereby granted. The Board will recalculate the 1995 assessment on the basis of American National's revised net earned premium upon resolution of all pending appeals and, at that time, refund to American National 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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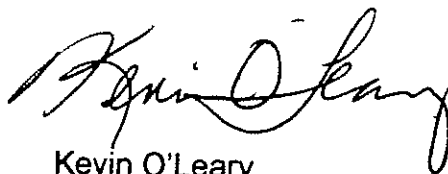
November 15, 1996

Mr. William H. Watson, Vice President & Actuary  
American National Insurance Co.  
One Moody Plaza  
Galveston, TX 77550-7999

Dear Mr. Watson:

Enclosed please find the Individual Health Coverage Program Board's final decision regarding American National 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.