

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
Trenton, NJ 08625

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

ADMINISTRATIVE ORDER NUMBER 96-31

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, CNA Insurance Companies ("CNA") is a "carrier" that filed, on March 5, 1996, a Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board, reporting calendar year 1995 net earned premium of 19,124,050;

WHEREAS, the IHC Board, on June 12, 1996, assessed CNA for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1995 in the amount of \$621,424, based on the filed Exhibit K, of which CNA paid \$361,034 on July 30, 1996, and appealed, by letter dated August 1, 1996, pursuant to N.J.A.C. 11:20-2.15;

WHEREAS, the IHC Board notified CNA, by letter dated July 26, 1996, that CNA's decision to pay an estimated assessment, in lieu of the billed assessment, subjected CNA to penalty interest on any amount determined to be due following the Board's consideration of CNA's appeal;

WHEREAS, CNA appealed on the grounds that CNA incorrectly reported its net earned premium as a result of including non-assessable disability and group reinsurance premiums on the Exhibit K filed on March 5, 1996, and submitted a revised net earned premium figure for 1995 of \$7,473,977;

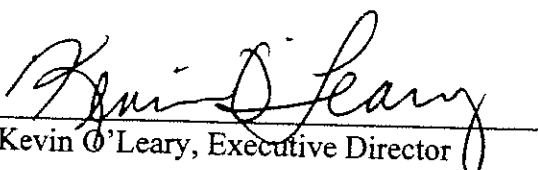
WHEREAS, N.J.A.C. 11:20-2.15 provides that "[a] Member seeking to challenge the amount of an assessment must do so within 20 days of receiving the notice of the assessment following the procedures established by the Board;" and

WHEREAS, the IHC Board has considered CNA's appeal of the 1995 assessment and finds the appeal of the 1995 assessment was timely filed and the Board agrees to accept the revised net earned premium of \$7,473,977;

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 CNA's appeal of the 1995 assessment is hereby granted. The Board will recalculate the 1995 assessment on the basis of CNA's revised net earned premium upon resolution of all pending appeals and, at that time, notify CNA of the revised assessment. CNA shall be liable for any balance due to the IHC Program, plus penalty interest, resulting from CNA's having paid an estimate of its assessment in lieu of the invoice amount calculated by the Board.


Kevin O'Leary, Executive Director

11-18-96
Date

**NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM**

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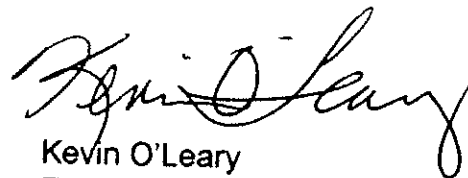
November 15, 1996

Ms. Cathy Link
CNA Insurance Companies
CNA Plaza
Chicago, Illinois 60685

Dear Ms. Link:

Enclosed please find the Individual Health Coverage Program Board's final decision regarding CNA Insurance Companies' 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.