

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
Trenton, NJ 08625

IN THE MATTER OF NORTH AMERICAN LIFE
ASSURANCE 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 96-33

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, North American Life Assurance Company ("North American") is a "carrier" that failed to file a Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board, as required pursuant to N.J.A.C. 11:20-8.2;

WHEREAS, the IHC Board, on June 12, 1996, assessed North American for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1995 in the amount of \$62,822, based on the accident and health premium of \$1,933,331 reported on its annual statement filed with the Department of Banking and Insurance, in accordance with N.J.A.C. 11:20-8.2(a)(2), which North American paid on July 22, 1996, and appealed, by letters dated July 19 and August 15, 1996, pursuant to N.J.A.C. 11:20-2.15;

WHEREAS, North American appealed on the grounds that its correct net earned premium, reported on an Exhibit K submitted with its appeal, was \$244,170, which figure should be used to calculate its assessment instead of its annual statement premium;

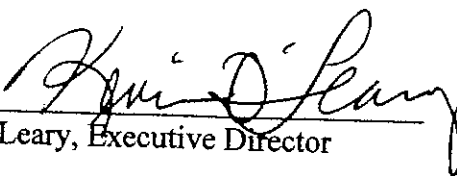
WHEREAS, N.J.A.C. 11:20-2.15 provides that "[a] Member seeking to challenge the amount of an assessment must do so within 20 days of receiving the notice of the assessment following the procedures established by the Board."

WHEREAS, the IHC Board has considered North American'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 \$244,170;

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 10th day of September, 1996,

ORDERED by the Individual Health Coverage Program Board that North American's appeal of the 1995 assessment is hereby granted. The Board will recalculate the 1995 assessment on the basis of North American's filed net earned premium upon resolution of all pending appeals and, at that time, the Board will refund to North American 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**

20 West State Street
CN-325
Trenton, New Jersey 08625
(609)633-1882
FAX: (609)633-2030

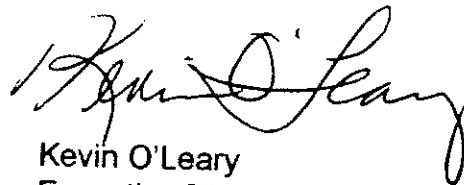
November 15, 1996

Ms. Brigitte Yee, Compliance Analyst
North American Life Assurance Co.
200 Bloor Street East
Toronto, Ontario M4W 1E5

Dear Ms. Yee:

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