

**NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM**

20 WEST STATE STREET
PO Box 325
TRENTON, NEW JERSEY 08625-0325
Phone: (609) 633-1887
Fax: (609) 633-2030

**IN THE MATTER OF PHOENIX AMERICAN LIFE
INSURANCE COMPANY AND PHOENIX HOME
LIFE MUTUAL INSURANCE COMPANY'S APPEAL
FROM THE 1996 LOSS ASSESSMENT AND FISCAL
YEAR 1998 ADMINISTRATIVE EXPENSE
ASSESSMENT**

ADMINISTRATIVE ORDER NO. 98-05

WHEREAS, the New Jersey Individual Health Coverage Program ("IHC") Board is authorized by the Individual Health Insurance Reform Act of 1992 ("IHC Act"), *L. 1992, c. 161 (N.J.S.A. 17B:27A-2 et seq.)*, and regulations promulgated thereunder, to assess members of the IHC on the basis of their proportionate share of program losses and administrative expenses and to take any actions necessary to recover assessments owed to the IHC; and

WHEREAS, Phoenix American Life Insurance Company and Phoenix Home Life Mutual Insurance Company (collectively "Phoenix") is a "carrier" as defined in the IHC Act; and

WHEREAS, on February 20, 1997, Phoenix American Life Insurance Company and Phoenix Home Life Mutual Insurance Company filed Specifically Named Carrier Market Share and Net Paid Loss Reports reporting \$7,205,556 and \$76,249 respectively in net earned premium for all group and individual health benefits plans; and

WHEREAS, on April 7, 1997, Phoenix Home Life Mutual Insurance Company filed a first revision of its Specifically Named Carrier Market Share and Net Paid Loss Report reporting \$3,995,223 in net earned premium for all group and individual health benefits plans based on its understanding, after a discussion with IHC Program staff, as to how stop loss coverage should be reported; and

WHEREAS, on April 8, 1997, Phoenix Home Life Mutual Insurance Company filed a second revision of its Specifically Named Carrier Market Share and Net Paid Loss Report reporting \$5,186,714 in net earned premium for all group and

individual health benefits plans based on its corrected understanding, after further discussions with IHC Program staff, as to how stop loss coverage should be reported; and

WHEREAS, on December 16, 1997, the IHC Board issued an assessment invoice to Phoenix Home Life Mutual Insurance Company for 1996 reimbursable losses of \$869,330 and estimated fiscal year 1998 administrative expenses of \$587, which assessments used the net earned premium amount of \$3,995,223 from Phoenix Home Life Mutual Insurance Company's first revised Net Paid Loss Report in determining the carrier's market share and ultimately its assessment; and

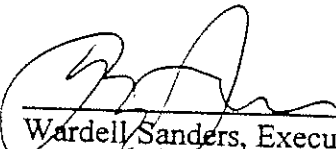
WHEREAS, on January 5, 1998, the IHC Board received a check from Phoenix American Life Insurance Company and Phoenix Home Life Mutual Insurance Company in the amount \$99,017, the amount of the December 16, 1997 invoice; and

WHEREAS, by letter dated December 29, 1997, Phoenix American Life Insurance Company and Phoenix Home Life Mutual Insurance Company inquired whether its share of reimbursable losses and administrative expenses was understated because the Board had used the net earned premium reported on Phoenix Home Life Mutual Insurance Company's first revised report rather than its second revised report, and because the net earned premium from Phoenix Home Life Mutual Insurance Company had been omitted;

NOW THEREFORE, pursuant to the authority granted to the IHC Board by *N.J.S.A. 17B-27A-2 et seq.*, *N.J.A.C. 11:20-1 et seq.*, and all powers expressed or implied therein, and the decision of the IHC Board as expressed by this Administrative Order,

IT IS on this 15th day of April, 1998,

ORDERED that the IHC Board shall make an adjustment to the 1996 loss assessment and fiscal year 1998 administrative expense assessment for Phoenix American Life Insurance Company and Phoenix Home Life Mutual Insurance Company when the Board conducts a reconciliation of those assessments, and the reconciled assessment will use \$5,186,714 as Phoenix Home Life Insurance Company's net earned premium, and \$76,249 as Phoenix American Life Insurance Company's net earned premium, and a total of \$5,262,963 as the combined net earned premium for the affiliated carriers.



Wardell Sanders, Executive Director
Individual Health Coverage Program Board

DATE: 4/15/98

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VIA CERTIFIED MAIL

April 15, 1998

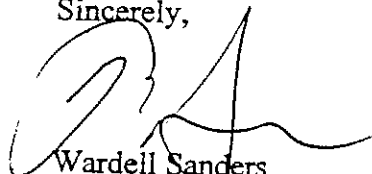
Tracie H. White
Senior Group Actuarial Associate
Phoenix Home Life Mutual Insurance Company
Phoenix American Life Insurance Company
100 Bright Meadow Boulevard, PO Box 1900
Enfield, CT 060783-1900

RE: IHC Board Order 98-05
Assessment for 1996 Reimbursable Net Paid Losses
and FY1998 Administrative Expenses

Dear Ms. White:

Enclosed please find the above-referenced Order. Please let me know if you have any questions or concerns.

Sincerely,



Wardell Sanders
Executive Director

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