

- i. Whether a nomination committee is in place to identify and select individuals for consideration;
- ii. Whether term limits are placed on directors;
- iii. How the election and re-election processes function;
- iv. Whether a Board diversity policy is in place, and if so, how it functions; and

v. The processes in place for the Board to evaluate its performance and the performance of its committees, as well as any recent measures taken to improve performance (including any Board or committee training programs that have been put in place).

(d) The insurer or insurance group shall describe the policies and practices for directing senior management, including a description of the following factors:

1. Any processes or practices (that is, suitability standards) to determine whether officers and key persons in control functions have the appropriate background, experience, and integrity to fulfill their prospective roles, including:

- i. Identification of the specific positions for which suitability standards have been developed and a description of the standards employed; and
- ii. Any changes in an officer's or key person's suitability as outlined by the insurer's or insurance group's standards and procedures to monitor and evaluate such changes;

2. A discussion of the insurer's or insurance group's code of business conduct and ethics, which discussion shall include, but not be limited to, the following:

- i. Compliance with laws, rules, and regulations; and
- ii. Proactive reporting of any illegal or unethical behavior;

3. The insurer's or insurance group's processes for performance evaluation, compensation, and corrective action to ensure effective senior management throughout the organization, including a description of the general objectives of significant compensation programs and what the programs are designed to reward. The description shall include sufficient detail to allow the Commissioner to understand how the organization ensures that compensation programs do not encourage and/or reward excessive risk taking. Examples of the elements to be discussed include, but are not limited to, the following:

- i. The Board's role in overseeing management compensation programs and practices;
- ii. The various elements of compensation awarded in the insurer's or insurance group's compensation programs and how the insurer or insurance group determines and calculates the amount of each element of compensation paid;
- iii. How compensation programs are related to both company and individual performance over time;
- iv. Whether compensation programs include risk adjustments and how those adjustments are incorporated into the programs for employees at different levels;
- v. Any clawback provisions built into the programs to recover awards or payments if the performance measures upon which they are based are restated or otherwise adjusted; and
- vi. Any other factors relevant in understanding how the insurer or insurance group monitors its compensation policies to determine whether its risk management objectives are met by incentivizing its employees; and

4. The insurer's or insurance group's plans for chief executive officer and senior management succession.

(e) The insurer or insurance group shall describe the processes by which the Board, its committees, and senior management ensure an appropriate amount of oversight to the critical risk areas impacting the insurer's business activities, which shall include a discussion of the following:

1. How oversight and management responsibilities are delegated between the Board, its committees, and senior management;
2. How the Board is kept informed of the insurer's strategic plans, the associated risks, and steps that senior management is taking to monitor and manage those risks;
3. How reporting responsibilities are organized for each critical risk area. The description shall be sufficient to allow the Commissioner to understand the frequency at which information on each critical risk area is reported to and reviewed by senior management and the Board. This

description may include, for example, the following critical risk areas of the insurer:

- i. Risk management processes (an ORSA Summary Report filer may refer to its ORSA Summary Report pursuant to N.J.S.A. 17:23-27 et seq.);
- ii. Actuarial function;
- iii. Investment decision-making processes;
- iv. Reinsurance decision-making processes;
- v. Business strategy/finance decision-making processes;
- vi. Compliance function;
- vii. Financial reporting/internal auditing; and
- viii. Market conduct decision-making processes.

#### 11:1-48.5 Severability

If any provision of this subchapter, or the application thereof, to any person or circumstance, is held invalid, such determination shall not affect other provisions or applications of this subchapter that can be given effect without the invalid provision or application, and to that end, the provisions of this subchapter are severable.

#### 11:1-48.6 Penalties

Any insurer failing, without just cause, to timely file the disclosure as required pursuant to N.J.S.A. 17:23-38 et seq., and as set forth in this subchapter shall be required, after notice and opportunity for a hearing, to pay a penalty of up to \$5,000 for each day's delay.

(a)

### DEPARTMENT OF BANKING AND INSURANCE NEW JERSEY INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD

#### Individual Health Coverage Program Individual Health Benefits Plans

#### Adopted Amendments: N.J.A.C. 11:20 Appendix Exhibits A and B

Proposed: November 22, 2024 (see 57 N.J.R. 7(a)).

Adopted: December 20, 2024, by the New Jersey Individual Health Coverage Program Board, Sandi Kelly, Chairperson.

Authority: N.J.S.A. 17B:27A-2 et seq.

Filed: December 24, 2024, as R.2025 d.020, **without change**.

Effective Date: January 21, 2025.

Operative Date: April 1, 2025.

Expiration Date: December 12, 2031.

#### Summary of Hearing Officer's Recommendation and Agency

##### Responses:

The New Jersey Individual Health Coverage Program Board (IHC Board) held a hearing on Monday, December 9, 2024, by Zoom to receive testimony with respect to the health benefits plans, set forth at N.J.A.C. 11:20 Appendix Exhibits A and B. Ava Rimal, Regulatory Officer, served as the hearing officer.

The hearing officer made no recommendations regarding the adopted amendments. The hearing record may be reviewed by contacting the New Jersey Individual Health Coverage Program Board, PO Box 325, Trenton, NJ 08625-0325.

#### Summary of Public Comments and Agency Responses:

**No comments were received.**

#### Federal Standards Statement

State agencies that propose to adopt or amend State rules that exceed Federal standards regarding the same subject matter are required to include in the rulemaking document a Federal standards analysis. As discussed in the notice of proposal, the adopted amendments are intended to comply with newly enacted State law, and are not being proposed pursuant to the authority of, or in order to implement, comply with or participate in, any program established pursuant to Federal law or a State statute that incorporates or refers to Federal law, standards, or

requirements as set forth at N.J.A.C. 1:30-5.1(c)4. Accordingly, a Federal standards analysis is not required.

**Full text** of the adoption follows:

**OFFICE OF ADMINISTRATIVE LAW NOTE:** The New Jersey Small Employer Health Benefits Program Board is adopting amendments at N.J.A.C. 11:20 Appendix Exhibits A and B. Pursuant to N.J.S.A. 52:14B-7(c) and N.J.A.C. 1:30-5.2(a)2, the Exhibits, as adopted, are not published in this notice of adoption, but may be reviewed by contacting:

New Jersey Small Employer Health Benefits Program  
20 West State Street, 11th Floor  
PO Box 325  
Trenton, NJ 08625-0325  
[ihcsehprograms@dobi.nj.gov](mailto:ihcsehprograms@dobi.nj.gov)

or

New Jersey Office of Administrative Law  
9 Quakerbridge Plaza  
PO Box 049  
Trenton, NJ 08625-0049  
[oal.comments@oal.nj.gov](mailto:oal.comments@oal.nj.gov)

### (a)

#### DEPARTMENT OF BANKING AND INSURANCE SMALL EMPLOYER HEALTH BENEFITS PROGRAM Small Employer Health Benefit Plans Adopted Amendments: N.J.A.C. 11:21 Appendix Exhibits F, G, W, and Y

Proposed: November 22, 2024 (see 57 N.J.R. 9(a)).

Adopted: December 18, 2024, by the New Jersey Small Employer Health Benefits Program Board, Margaret Koller, Chairperson.

Authority: N.J.S.A. 17B:27A-17 through 56.

Filed: December 18, 2024, as R.2025 d.015, **without change**.

Effective Date: December 18, 2024.

Expiration Date: September 11, 2030.

#### Summary of Hearing Officer's Recommendations and Agency Responses:

The New Jersey Small Employer Health Benefits Program Board (SEH Board) held a hearing on Monday, December 9, 2024, by Zoom, to receive testimony with respect to the health benefits plans set forth at N.J.A.C. 11:21 Appendix Exhibits F, G, W, and Y. Ava Rimal, Regulatory Officer, served as the hearing officer.

The hearing officer made no recommendations regarding the proposed amendments. The hearing record may be reviewed by contacting the New Jersey Small Employer Health Benefits Program Board, PO Box 325, Trenton, NJ 08625-0325.

#### Summary of Public Comments and Agency Responses:

**No comments were received.**

#### Federal Standards Statement

State agencies that propose to adopt or amend State rules that exceed Federal standards regarding the same subject matter are required to include in the rulemaking document a Federal standards analysis. The proposed amendments to the standard plan documents consistent with Chapters 105 and 275 do not implicate any Federal standards, therefore, a Federal standards analysis is not required. The proposed amendments to the standard plan documents consistent with Chapter 194 do not exceed Federal standards, but require carriers to meet the Federal standards set forth in the ACA. Accordingly, a Federal standards analysis is not required.

**Full text** of the adoption follows:

**OFFICE OF ADMINISTRATIVE LAW NOTE:** The New Jersey Small Employer Health Benefits Program Board is adopting amendments at N.J.A.C. 11:21 Appendix Exhibits F, G, W, and Y. Pursuant to N.J.S.A.

52:14B-7(c) and N.J.A.C. 1:30-5.2(a)2, the Exhibits, as adopted, are not published in this notice of adoption, but may be reviewed by contacting:

New Jersey Small Employer Health Benefits Program  
20 West State Street, 11th Floor  
PO Box 325

Trenton, NJ 08625-0325

[ihcsehprograms@dobi.nj.gov](mailto:ihcsehprograms@dobi.nj.gov)

or

New Jersey Office of Administrative Law  
9 Quakerbridge Plaza

PO Box 049

Trenton, NJ 08625-0049

[oal.comments@oal.nj.gov](mailto:oal.comments@oal.nj.gov)

### (b)

#### DEPARTMENT OF BANKING AND INSURANCE INDIVIDUAL HEALTH COVERAGE PROGRAM

#### Notice of Readoption Individual Health Coverage Program Health Benefits Plans

#### Readoption: N.J.A.C. 11:20

Authority: N.J.S.A. 17:1-8.1, 17:1-15.e, and 17B:27A-2 et seq.

Authorized By: Justin Zimmerman, Commissioner, Department of Banking and Insurance; Sandi Kelly, Chairperson, Individual Health Coverage Program.

Effective Date: December 12, 2024.

New Expiration Date: December 12, 2031.

**Take notice** that pursuant to N.J.S.A. 52:14B-5.1, the rules at N.J.A.C. 11:20 were scheduled to expire on January 12, 2025. The rules set forth in this chapter implement the Individual Health Coverage (IHC) Program pursuant to N.J.S.A. 17B:27A-2 et seq., the Individual Health Insurance Reform Act (the Act). Some of the subchapters within this chapter were promulgated by the Department of Banking and Insurance (Department), specifically N.J.A.C. 11:20-3A, 6, 7, 11, and 18 and chapter Appendices Exhibits E and J; the remainder of the subchapters were promulgated by the IHC Board, specifically, N.J.A.C. 11:20-1, 2, 3, 8, 12, 17, 19, 20, 23, and 24, and chapter Appendices Exhibits A through D and K.

The rules promulgated by the Department and N.J.A.C. 11:20-3A set forth the requirements and procedures by which carriers seeking to enter the individual plan market and carriers issuing plans in the individual plan market shall certify substantial compliance with provisions in the approved individual plans, as required pursuant to N.J.S.A. 17B:27A-7(d). N.J.A.C. 11:20-6 establishes informational rate filing requirements and procedures for members issuing or renewing individual health benefits plans pursuant to N.J.S.A. 17B:27A-9(d). N.J.A.C. 11:20-7 implements the loss ratio and refund reporting requirements pursuant to N.J.S.A. 17B:27A-9(e). N.J.A.C. 11:20-11 establishes the informational and procedural requirements for members requesting relief from obligations to pay assessments pursuant to N.J.S.A. 17B:27A-12(a)(3) (including assessments for IHC Program losses and administrative expenses), or to offer coverage or accept applications to provide a standard health benefits plan to eligible persons, pursuant to N.J.S.A. 17B:27A-8. N.J.A.C. 11:20-18 establishes the requirements and procedures by which carriers issuing plans pursuant to the Act may cease doing business in the individual plan market in this State. Additionally, this subchapter establishes the requirements and procedures by which carriers may cease issuing and renewing: all individual plans; a specific plan, by issuing the same plan through a different delivery mechanism; a specific plan option, by offering an alternative approved plan option; or a specific deductible/copayment option that is optional pursuant to N.J.A.C. 11:20-3.1.

In addition, the following appendices are applicable to N.J.A.C. 11:20-3A, 6, 7, 11, and 18: Appendix Exhibit E, Certification of Compliance with Individual Health Coverage Plans, referenced at N.J.A.C. 11:20-