

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of)
Banking and Insurance, to fine, suspend)
and/or revoke the third party administrator)
license of Boon-Chapman Benefit)
Administrators Inc.)

ORDER TO
SHOW CAUSE

THIS MATTER, having been opened by the Commissioner of Banking and Insurance (“Commissioner”), State of New Jersey, upon information that Boon-Chapman Benefit Administrators Inc. (“Boon”) may have violated provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Boon is licensed as a third party administrator pursuant to N.J.S.A. 17B:27B-4; and

WHEREAS, Boon is subject to the statutes governing third party administrators, N.J.S.A. 17B:27B-1 to -25, and to the regulations governing third party administrators, N.J.A.C. 11:23-1.1 to -4.3; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-13, entities licensed as third party administrators are required to file an annual report with the Commissioner for the preceding calendar year in a form and manner prescribed by the Commissioner; and

WHEREAS, pursuant to N.J.A.C. 11:23-3.8, a third party administrator must file by June 1 of each year an annual report for the preceding calendar year consisting of an audited financial statement and unaudited information together with a \$100 filing fee. The unaudited information

shall contain the complete names and addresses of all benefits payers with which the third party administrator had a contract in effect during the preceding calendar year and the status of all contracts in effect in the previous year; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-14(d), the Commissioner may suspend or revoke the license of a third party administrator who has violated any lawful rule or order of the Commissioner or any provision of State law; and

WHEREAS, pursuant to N.J.S.A. 17B:27B-24, the Commissioner may impose a civil administrative penalty in an amount not less than \$250 nor more than \$5,000 for each day that a third party administrator is in violation of N.J.S.A. 17B:27B-1 to -25; and

IT APPEARING, that Boon was licensed as a third party administrator on January 23, 2006; and

IT FURTHER APPEARING, that by notice posted on the website of the Department of Banking and Insurance ("Department") on January 5, 2018, third party administrators were advised of the requirement to submit the 2017 annual report by June 1, 2018 and provided with filing instructions; and

IT FURTHER APPEARING, that on May 14, 2018 Boon requested an extension to file its annual report; and

IT FURTHER APPEARING, that on May 14, 2018 the Department granted Boon an extension until June 29, 2018; and

IT FURTHER APPEARING, that on July 10, 2018 the Department advised Boon that it had not received its 2017 annual report whose due date had been extended to June 29, 2018; and

IT FURTHER APPEARING, that on July 16, 2018 Boon advised the Department that it was waiting for its audited financials to be completed; and

IT FURTHER APPEARING, that on July 16, 2018 the Department asked Boon when it expected to submit the annual report and Boon responded that it hoped to file by the end of July; and

IT FURTHER APEARING, that on August 8, 2018 the Department asked Boon for an update on its filing; and

IT FURTHER APPEARING, that on August 9, 2018 Boon responded that it hoped to have its audited financial statement next week; and

IT FURTHER APPEARING, that on August 10, 2018 the Department advised Boon that it would grant a final extension until August 20, 2017 for submission of the 2017 annual report; and

IT FURTHER APPEARING, that on August 20, 2018 Boon advised the Department that the audited financial statement was still not ready; and

IT FURTHER APPEARING, that on September 17, 2018 Boon advised the Department that the audited financial statement still had not been received; and

IT FURTHER APPEARING, that on September 24, 2018 the Department again asked Boon about the status of the 2017 annual filing; and

IT FURTHER APPEARING, that Boon has failed to file its 2017 annual report and that said report is now over 125 days late;

NOW THEREFORE IT IS ON this 10th day of October 2018

ORDERED, that Boon appear and show cause why its third party administrator license should not be suspended or revoked pursuant to N.J.S.A. 17B:27B-14; and

IT IS FURTHER ORDERED, that Boon appear and show cause why the Commissioner should not assess a civil administrative penalty of not less than \$250 nor more than \$5,000 for each day that Boon was in violation of N.J.S.A. 17B:27-13; and

IT IS PROVIDED, that Boon has the right to request an administrative hearing, to be represented by counsel or other qualified representative, at its own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued, and to present evidence if a hearing is requested; and

IT IS FURTHER PROVIDED, that unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Boon, and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Virgil Downtin, Chief of Investigations, Department of Banking and Insurance, P. O. Box 329, Trenton, NJ 08625 or by faxing the hearing request to the department at (609) 292-5337. The request shall include:

- (a) The Respondent's name, current address and daytime telephone number;
- (b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated; and
- (c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where Respondent has no specific knowledge regarding a fact alleged in this Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and
- (d) A statement requesting a hearing.



Peter L. Hartt
Director, Division of Insurance