

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM BOARD
Trenton, NJ 08625

IN THE MATTER OF GUARANTEE TRUST LIFE
INSURANCE 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 96-32

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, Guarantee Trust Life Insurance Company ("GTL") is a "carrier" that filed, on February 28, 1996, a Market Share and Net Paid Loss Report ("Exhibit K") with the IHC Board, reporting calendar year 1995 net earned premium of \$54,771 to replace a prior Exhibit K filing showing net earned premium of \$525,732;

WHEREAS, the IHC Board, on June 12, 1996, assessed GTL for its share of reimbursable losses and administrative expenses of the IHC Program for calendar year 1995 in the amount of \$17,083, based on the original Exhibit K, which amount GTL did not pay, but appealed, by letter dated July 3, 1996, pursuant to N.J.A.C. 11:20-2.15;

WHEREAS, GTL appealed on the grounds that the IHC Board should have used the net earned premium reported in GTL's latter filing to compute its assessment;

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, N.J.A.C. 11:20-2.17(e)(iii) provides that good faith errors reported to the Board by a member within 60 days of their occurrence shall not be subject to the interest penalty set forth in N.J.A.C. 11:20-2.17(e)(i);

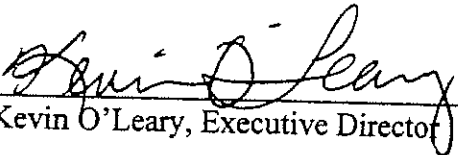
WHEREAS, the IHC Board finds the appeal of the 1995 assessment was timely filed and that GTL reported the Board's good faith error of having calculated the assessment using the incorrect Exhibit K within 60 days of its occurrence;

WHEREAS, the Board has considered GTL's appeal of the 1995 assessment and agrees it should have calculated the assessment based on the net earned premium of \$54,771 reported in the latter Exhibit K filed on February 28, 1996;

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 GTL's appeal of the 1995 assessment is hereby granted. The Board shall recalculate the 1995 assessment on the basis of GTL's revised net earned premium upon resolution of all pending appeals and bill GTL for the revised assessment, without penalty interest on the revised assessment due, in accordance with N.J.A.C. 11:20-2.17(e)(iii).



Kevin O'Leary, Executive Director

11-18-96
Date

NEW JERSEY
INDIVIDUAL HEALTH COVERAGE PROGRAM

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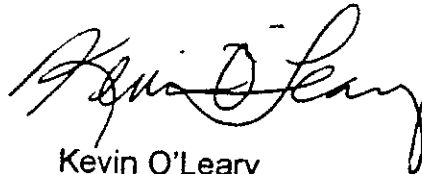
November 15, 1996

Mr. Timothy Haynes, Actuary
Guarantee Trust Life Insurance Co.
1275 Milwaukee Avenue
Glenview, Illinois 60025

Dear Mr. Haynes:

Enclosed please find the Individual Health Coverage Program Board's final decision regarding Guarantee Trust Life Insurance 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.