



**STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NEW YORK 12257**

**Eliot Spitzer
Governor**

**Eric R. Dinallo
Superintendent**

**Supplement No. 1
to Circular Letter No. 12 (2007)
March 12, 2008**

- TO: All Insurers Licensed to Write Accident and Health Insurance in New York State, Article 43 Corporations and Health Maintenance Organizations (“HMOs”)**
- RE: Submission of Information for Loss Ratio Reports Filed Pursuant to Section 3231(e)(2)(B) or Section 4308(h)(1) of the Insurance Law**

Circular Letter No. 12 (2007) stated that, effective with the loss ratio reports due May 1, 2008, every insurer and HMO that submitted a loss ratio report pursuant to section 3231(e)(2)(B) or section 4308(h)(1) of the Insurance Law, as applicable, must do so “for each such policy form” or “for each such contract form” as specified in section 3231(e)(2)(B) or section 4308(h)(1), respectively.

The Department has received various inquiries as to the application of Circular Letter No. 12 to loss ratio reports due May 1, 2008. This Supplement is intended to provide additional guidance and applies only to loss ratio reports due May 1, 2008.

For loss ratio reports due May 1, 2008, insurers and HMOs must report all information by policy form or contract form, as the Department will specify under the Filing Guidelines, which will be published by the Department and available on the Department’s website (www.ins.state.ny.us). Consequently, insurers and HMOs should calculate loss ratios by policy or contract form. However, if an insurer or HMO aggregated policy forms or contract forms to establish 2007 community rated premiums, the Department would not object to the insurer or HMO calculating loss ratios for this year only based upon those premiums. For instance, if an insurer or HMO aggregated policy forms or contract forms in developing the community rated premiums for those policy forms or contract forms, the insurer or HMO must specify (1) which policy forms or contract forms have been aggregated, (2) the loss ratio for each of those policy forms or contract forms, and (3) the loss ratio for the aggregated forms, as well as any other information specified in the Department’s Filing Guidelines. Insurers and HMOs may calculate credits or dividends that are due under section 3231(e)(2)(B) or section 4308(h)(2) based on the loss ratio applicable to the aggregated policy forms or contract forms that are the basis for the community rated premiums, as long as the policy forms or contract forms have been rated in compliance with the requirements of community rating.

Nothing in this Supplement should be construed to limit the Department’s regulatory oversight and enforcement regarding any other statutes or regulations, including but not limited to those related to community rating, or alter insurers’ and HMOs’ obligations to comply with existing community rating requirements regardless of the manner in which they calculate loss ratios.

Any questions about this Circular Letter should be directed to the attention of:

Michel Laverdiere, FSA, MAAA

Assistant Chief Actuary
Health Bureau
New York State Insurance Department
25 Beaver Street

New York, NY 10004

Very truly yours,

Louis Felice
Deputy Chief, Health Bureau