



**STATE OF NEW YORK
INSURANCE DEPARTMENT**

AGENCY BUILDING ONE
THE GOVERNOR NELSON A. ROCKEFELLER
EMPIRE STATE PLAZA
ALBANY, NEW YORK 12257

SALVATORE R. CURIALE
Superintendent of Insurance

August 1, 1994

Circular Letter No. 11

**TO: ALL INSURERS, OTHER THAN ARTICLE 43 CORPORATIONS AND ARTICLE 44
HMOs, LICENSED TO WRITE ACCIDENT AND HEALTH INSURANCE**

SUBJECT: ACCIDENT AND HEALTH INSURANCE CONVERSION COVERAGE

Circular Letters No. 6 (1993) and No. 14 (1993) noted that carriers may request an increase of up to 50% in premium rates for statutory major medical conversion policies, to be effective beginning July 1, 1994, provided submission of the information requested in those circular letters accompanies or precedes the rate filing. Although it is possible that loss ratios (at least before open enrollment) have been quite high for major medical conversion policies, that hypothesis must be supported by actual data believed to be representative of aggregate industrywide experience in order for us to determine an appropriate increase in the rates. Also, in order for us to approve a given carrier's request for such increase, the company must have submitted the requested information.

Unfortunately, we have so far received information from very few carriers, despite the deadline of April 30, 1994 for submission of experience given in Circular Letter No. 6 (1993). Also, almost all of the submissions we have received are incomplete or are lacking in other respects, such as use of questionable assumptions. Therefore, we are reminding those carriers that have not yet made submissions to do so immediately. Although carriers with less than 100 statutory policies and/or certificates in force as of December 31, 1993 need not submit the requested experience data and other information, they must file a statement that they fall below the threshold of 100. Carriers at or above the threshold must, of course, submit the requested experience data and other information. The information being supplied should be complete, and must be accompanied by an actuary's certification that any assumptions used meet generally accepted actuarial standards.

Carriers that have already sent information should amend their submissions if necessary to comply with the above requirements, and must in any case provide the aforementioned actuary's certification.

Attached is a form to be used by carriers in making their original or amended submissions. All rows and columns should be filled in, unless the requested information does not apply to the company, in which case an explanation must be provided. The company should submit two versions of the form--one for the New York City area, as defined in Sec. 361.2(1)(4) of Regulation 146, and one for the rest of the state--unless it is not possible to separate the experience in that manner.

Although it is clearly too late now for any rate increase to be effective beginning July 1, 1994, as originally contemplated, we are hopeful that the industry's adherence to the requirements discussed above will enable us to determine whether a rate increase is warranted and can be accomplished before the end of 1994.

Those companies that do not submit either properly completed forms and the actuarial certification, or a statement that they fall below the threshold of 100 statutory policies and/or certificates, by October 3, 1994, may be considered to have committed a willful violation of law or regulation.

Finally, please note that beginning with the submission due March 1, 1995 for calendar year 1994 experience, all carriers, regardless of the volume of their conversion business, will be required to provide conversion experience annually, along with their submissions for the New York Supplements to the annual statement. The data required will be largely the same as that on the attached form, but in somewhat greater detail. Our goal in asking for this information is to enable us to make quicker determinations of the need for rate increases in the future. More details will follow later this year.

Submissions pursuant to this circular letter should be directed to:

David Schwartz
Supervising Actuary
Accident and Health Rating Section
New York Insurance Department
Agency Building One
Empire State Plaza
Albany, NY 12257
(telephone 518-473-7725)

Very truly yours,



SALVATORE R. CURIALE
Superintendent of Insurance

COMPANY NAME

NAIC NUMBER

AFFIX BAR CODE

NEW YORK STATE STATUTORY GROUP CONVERSION PLAN EXPERIENCE
GENERAL INSTRUCTIONS

- 1. Please refer to Circular Letter No.6 (1993), Circular Letter No.14 (1993), and any subsequent related communications, for guidance in completing this schedule.
2. Experience should be broken down into NYC area and Non-NYC area if possible.
3. All Line names & Column names used in this Experience Schedule, if not obvious or defined herein, follow the meanings commonly used in the Annual Statement.
4. A company not charging the rates in the Circular Letters referred to in the footnotes should attach an explanation describing in detail the method used to determine its rates.
5. In completing the Interrogatories below, if any answer in column 1 varies by Plan generation (i.e., 1976, 1982, 1986), please so indicate and attach an explanation.
6. This schedule is to be submitted by April 30, 1994.

INTERROGATORIES

PLAN AND OPTION BASIS FOR NEW YORK STATE STATUTORY GROUP CONVERSION PLAN EXPERIENCE

Table with columns: 1976,1982,1986 PLANS COLUMN 1, 1993 PLANS COLUMN 2. Rows include: Line 1 CLAIM EXPERIENCE BASIS (1A Original Claim Reserves, 1B Run - Off Method), Line 2 PLAN COMBINATIONS FOR EXPERIENCE PURPOSES (2A Basic experience kept separate from Major Medical, 2B Plans with Major Medical plus Basic treated as a unit), Line 3 RATE BASIS BEFORE 4/1/93 (3A Level, 3B Step Rate, 3C Sex Distinct, 3D Unisex), Line 4 SURGICAL SCHEDULE (4A 1957 Society of Actuaries, 4B Regulation 62, 4C Other), Line 5 MAJOR MEDICAL OPTIONS (5A Per - Cause, 5B All - Cause), Line 6 DATES OF CHANGES TO RATE BASIS (6A 1976 Plans, 6B 1982 Plans, 6C 1986 Plans).

EXPERIENCE UNDER NEW YORK STATE STATUTORY GROUP CONVERSION PLANS

SECTION 1: 1976 BASIC PLANS

01 Period	02 No. of Pol./ Cert at End of Period	03 Paid or Written Premium	Earned Premiums		05 Paid Claims	06 Increase in Policy Reserves	07 Increase in Claim Reserves	08 Incurred Claims	Loss Ratio	
			04A Actual	04B Adjusted *					09 To Actual Premium (08/04A)	10 To Adjusted Premium (08/04B)
1. 1976										
2. 1977										
3. 1978										
4. 1979										
5. 1980										
6. 1981										
7. 1982										
8. 1983										
9. 1984										
10. 1985										
11. 1986										
12. 1987										
13. 1988										
14. 1989										
15. 1990										
16. 1991										
17. 1992										
18. 1/1-3/31/93										
19. subtotal (L1 thru 18)										
20. 4/1-12/31/93										
21. total (L19 + 20)										

SECTION 2: 1982 BASIC PLANS

1. 1982										
2. 1983										
3. 1984										
4. 1985										
5. 1986										
6. 1987										
7. 1988										
8. 1989										
9. 1990										
10. 1991										
11. 1992										
12. 1/1-3/31/93										
13. subtotal (L1 thru 12)										
14. 4/1-12/31/93										
15. total (L13 + 14)										

* PREMIUM EARNED THROUGH 3/31/93: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 20 (1982)
 PREMIUM EARNED 4/1/93 AND LATER: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 6 (1993)

EXPERIENCE UNDER NEW YORK STATE STATUTORY GROUP CONVERSION PLANS

SECTION 3: 1986 BASIC PLANS

01 Period	02 No. of Pol./ Cert at End of Period	03 Paid or Written Premium	Earned Premiums		05 Paid Claims	06 Increase in Policy Reserves	07 Increase in Claim Reserves	08 Incurred Claims	Loss Ratio	
			04A Actual	04B Adjusted *					09 To Actual Premium (08/04A)	10 To Adjusted Premium (08/04B)
1. 1986										
2. 1987										
3. 1988										
4. 1989										
5. 1990										
6. 1991										
7. 1992										
8. 1/1-3/31/93										
9. subtotal (L1 thru 8)										
10. 4/1-12/31/93										
11. total (L9 + 10)										

* PREMIUM EARNED THROUGH 3/31/93. ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 9 (1986)
 PREMIUM EARNED 4/1/93 AND LATER. ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 6 (1993)

SECTION 4: 1976 MAJOR MEDICAL PLANS OVER BASIC, NONE TO II

1. 1976										
2. 1977										
3. 1978										
4. 1979										
5. 1980										
6. 1981										
7. 1982										
8. 1983										
9. 1984										
10. 1985										
11. 1986										
12. 1987										
13. 1988										
14. 1989										
15. 1990										
16. 1991										
17. 1992										
18. 1/1-3/31/93										
19. subtotal (L1 thru 18)										
20. 4/1-12/31/93										
21. total (L19 + 20)										

* PREMIUM EARNED THROUGH 3/31/93. ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 20 (1982)
 PREMIUM EARNED 4/1/93 AND LATER. ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 6 (1993)

EXPERIENCE UNDER NEW YORK STATE STATUTORY GROUP CONVERSION PLANS

SECTION 5: 1976 MAJOR MEDICAL PLANS OVER BASIC, III OR BETTER

01 Period	02 No. of Pol./ Cert at End of Period	03 Paid or Written Premium	04 Earned Premiums		05 Paid Claims	06 Increase in Policy Reserves	07 Increase in Claim Reserves	08 Incurred Claims	09 Loss Ratio	
			04A Actual	04B Adjusted *					09 To Actual Premium (08/04A)	10 To Adjusted Premium (08/04B)
1. 1976										
2. 1977										
3. 1978										
4. 1979										
5. 1980										
6. 1981										
7. 1982										
8. 1983										
9. 1984										
10. 1985										
11. 1986										
12. 1987										
13. 1988										
14. 1989										
15. 1990										
16. 1991										
17. 1992										
18. 1/1-3/31/93										
19. subtotal (L1 thru 18)										
20. 4/1-12/31/93										
21. total (L19 + 20)										

SECTION 6: 1982 MAJOR MEDICAL PLANS OVER BASIC, NONE TO II

1. 1982										
2. 1983										
3. 1984										
4. 1985										
5. 1986										
6. 1987										
7. 1988										
8. 1989										
9. 1990										
10. 1991										
11. 1992										
12. 1/1-3/31/93										
13. subtotal (L1 thru 12)										
14. 4/1-12/31/93										
15. total (L13 + 14)										

* PREMIUM EARNED THROUGH 3/31/93: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 20 (1982)
 PREMIUM EARNED 4/1/93 AND LATER: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 6 (1993)

EXPERIENCE UNDER NEW YORK STATE STATUTORY GROUP CONVERSION PLANS

SECTION 7: 1982 MAJOR MEDICAL PLANS OVER BASIC, III OR BETTER

01 Period	02 No. of Pol./ Cert at End of Period	03 Paid or Written Premium	04 Earned Premiums		05 Paid Claims	06 Increase in Policy Reserves	07 Increase in Claim Reserves	08 Incurred Claims	09 Loss Ratio	
			04A Actual	04B Adjusted *					To Actual Premium (08/04A)	To Adjusted Premium (08/04B)
1. 1982										
2. 1983										
3. 1984										
4. 1985										
5. 1986										
6. 1987										
7. 1988										
8. 1989										
9. 1990										
10. 1991										
11. 1992										
12. 1/1-3/31/93										
13. subtotal (L1 thru 12)										
14. 4/1-12/31/93										
15. total (L13 + 14)										

SECTION 8: 1982 MAJOR MEDICAL PLANS OVER BASIC, HOSPITAL SERVICE PLAN

1. 1982										
2. 1983										
3. 1984										
4. 1985										
5. 1986										
6. 1987										
7. 1988										
8. 1989										
9. 1990										
10. 1991										
11. 1992										
12. 1/1-3/31/93										
13. subtotal (L1 thru 12)										
14. 4/1-12/31/93										
15. total (L13 + 14)										

* PREMIUM EARNED THROUGH 3/31/93: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 20 (1982)
 PREMIUM EARNED 4/1/93 AND LATER: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 6 (1993)

EXPERIENCE UNDER NEW YORK STATE STATUTORY GROUP CONVERSION PLANS

SECTION 9: 1986 MAJOR MEDICAL PLANS OVER BASIC, NONE TO III OR BETTER

01 Period	02 No. of Pol./ Cert at End of Period	03 Paid or Written Premium	Earned Premiums		05 Paid Claims	06 Increase in Policy Reserves	07 Increase in Claim Reserves	08 Incurred Claims	Loss Ratio	
			04A Actual	04B Adjusted *					09 To Actual Premium (08/04A)	10 To Adjusted Premium (08/04B)
1. 1986										
2. 1987										
3. 1988										
4. 1989										
5. 1990										
6. 1991										
7. 1992										
8. 1/1-3/31/93										
9. subtotal (L1 thru 8)										
10. 4/1-12/31/93										
11. total (L9 + 10)										

SECTION 10: 1986 MAJOR MEDICAL PLANS OVER BASIC, HOSPITAL SERVICE PLAN

1. 1986										
2. 1987										
3. 1988										
4. 1989										
5. 1990										
6. 1991										
7. 1992										
8. 1/1-3/31/93										
9. subtotal (L1 thru 8)										
10. 4/1-12/31/93										
11. total (L9 + 10)										

* PREMIUM EARNED THROUGH 3/31/93: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 9 (1986)
 PREMIUM EARNED 4/1/93 AND LATER: ADJUST TO RATE BASIS IN CIRCULAR LETTER NO. 6 (1993)

EXPERIENCE UNDER NEW YORK STATE STATUTORY GROUP CONVERSION PLANS

SECTION 11: 1993 BASIC PLANS

01 Period	02 No. of Pol. / Cert at End of Period	03 Paid or Written Premium	Earned Premiums		05 Paid Claims	06 Increase in Policy Reserves	07 Increase in Claim Reserves	08 Incurred Claims	Loss Ratio	
			04A Actual	04B Adjusted *					09 To Actual Premium (08/04A)	10 To Adjusted Premium (08/04B)
1. 9/1 - 12/31/93										

SECTION 12: 1993 MAJOR MEDICAL PLANS OVER BASIC, NONE TO III OR BETTER

1. 9/1 - 12/31/93										
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SECTION 13: 1993 MAJOR MEDICAL PLANS OVER BASIC, HOSPITAL SERVICE PLAN

1. 9/1 - 12/31/93										
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