



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

George E. Pataki
Governor

Howard Mills
Superintendent

Circular Letter No. 22 (2006)
November 15, 2006

TO: All Insurers, Other than Article 43 Corporations and Article 44 HMOs, Licensed to Write Accident and Health Insurance in New York State

RE: Rate Modifications for Accident and Health Insurance Statutory Conversion Coverage

STATUTORY REFERENCE: Insurance Law Section 3221

The Department is aware that there have not been any increases in the community rate structures of the conversion coverage required by Insurance Law Section 3221 in many years and that current rates for the coverage may no longer be appropriate. The Department is concerned that very large increases in rates would be detrimental to insureds and disruptive of the marketplace. Accordingly, the Department will consider submissions for rate increases of no more than 30% in any one year for the next three years to be reasonable, provided that the insurer making the rate submission supports its request with appropriate actuarial justification acceptable to the Department. Such submissions can be made on a carrier specific basis for Plans I, II and III outlined in Section 3221(g) and/or the major medical plans outlined in Section 3221(h), including the "all cause" and "per cause" major medical versions as outlined in Section 3221(h)(1)(A) and (B).

In this regard, carriers should submit the information specified in 11 NYCRR 52.40(d)(2), as appropriate, supplemented by the number of policies or certificates in force at the end of each calendar year. The information is to be provided separately for each "generation" of statutory plans (i.e. 1976, 1982, 1986, and 1993), and, within each generation, separately by: (a) basic hospital/surgical and basic surgical-only plans, (b) major medical plans supplementing hospital service plans covering 21 days or more, (c) major medical plans supplementing any other basic plan, and (d) major medical plans supplementing no basic plan. If the insurer has utilized a chargeback to the group policyholder for employees electing conversion coverage, such chargebacks must be properly accounted for in any data submitted.

Submissions pursuant to this circular letter should be directed to:

Satya N. Pabuwal, FSA, MAAA
Chief, Accident and Health Rating Section
Health Bureau

New York State Insurance Department
One Commerce Plaza
Albany, NY 12257

Questions should be directed to David Schwartz, Supervising Actuary, at the above address, by telephone at (518) 474-4562 or by e-mail at dschwartz@ins.state.ny.us.

Very Truly Yours,

Charles Rapacciuolo
Assistant Deputy Superintendent and
Bureau Chief - Health Bureau