



State of New Jersey

DEPARTMENT OF BANKING AND INSURANCE

DIVISION OF INSURANCE

OFFICE OF SOLVENCY REGULATION

PO BOX 325

TRENTON, NJ 08625-0325

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PHIL MURPHY
Governor

SHEILA OLIVER
Lt. Governor

MARLENE CARIDE
Commissioner

August 28, 2019

XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXX

Re: 2019 3rd Quarter Health Service Corporations (HSC) Report Filings

Dear XXXXXXX,

The 3rd Quarter reports shall be received in this office no later than close of business (5:00 P.M.) Friday, November 15, 2019 in accordance with Statutory Accounting Practices using the most current format for the quarterly NAIC Health Blank and in accordance with the NAIC quarterly instructions for the Health Blank. Contact the NAIC directly at (816) 842-3600 if you require copies of the quarterly instructions. These instructions implement the requirements of the Accounting Practices and Procedures effective **January 1, 2019**. The NAIC Health Blank forms are available for purchase through several independent insurance service companies throughout the United States.

Please note that the Commissioner of Banking and Insurance has the regulatory authority per N.J.S.A. 17:48E-36 to impose enforcement remedies against a HSC for violations of any statutory requirements including the late filing of quarterly reports. The commissioner may, "... levy an administrative penalty in an amount not less than \$100.00 for each day's neglect, to be recovered in civil action; and upon notice by the commissioner to such effect, its authority to do new business in this State shall cease while such default continues."

This letter is reasonable notice and any HSC that files late will be fined \$100.00 per day.

Please note that any additional or revised quarterly filing requirements are outlined in bold.

- (1) The following manuals should be obtained and maintained current:
 - (a) ANNUAL AND QUARTERLY STATEMENT INSTRUCTIONS - HEALTH
 - (b) ACCOUNTING PRACTICES AND PROCEDURES MANUAL EFFECTIVE **JANUARY 1, 2019 (AS OF MARCH 2019)**. THIS VALUABLE RESOURCE CONTAINS THE STATEMENT OF STATUTORY ACCOUNTING PRINCIPLES (SSAP), EXTRACTS FROM NAIC MODEL LAWS, INTERPRETATIONS OF SSAP, ISSUE PAPERS AND POLICY STATEMENTS OF THE NAIC
 - (c) PURPOSES AND PROCEDURES MANUAL OF THE NAIC SECURITIES VALUATION OFFICE (SVO)

These may be obtained from:
National Association of Insurance Commissioners
Publications Department
2301 McGee Street
Suite 800
Kansas City, MO 64108-2604
Telephone (816) 783-8300
Facsimile (816) 460-7593
Email www.naic.org/1pubcat/

- (2) Two (2) Original signatures are required on all filings. The President and Secretary, or in their absence, two principal officers must sign the quarterly statement. All requests for exceptions from normal filings must be submitted at least 30 days prior to the due date.
- (3) All HSCs are required to complete the blanks and supplemental schedules in their entirety. If a specific schedule is not applicable to the Life and Health Insurers, should be so indicated using "N/A" or "None". Any deviations from the instructions in this announcement, without the permission of the Commissioner of Banking and Insurance will be considered a violation of filing requirements and cause the entire statement filing to be rejected. Accordingly, per N.J.S.A. 17:48E-36, the Department may also impose the maximum penalties and enforcement measures available under statute for failure to file proper or timely financial statements.
- (4) See SSAP #4 "Assets and Nonadmitted Assets" for further guidance. Assets not specifically identified as an admitted asset within the Accounting Practices and Procedures Manual shall be considered Nonadmitted.

See SSAP #84 for Health Care Receivables guidance.

Guidance on allowable Goodwill can be found in SSAP #68.

- (5) All HSCs are required to comply with the requirements of (N.J.S.A.17:B20-1) regarding Investments.
- (6) A Management Discussion and Analysis letter. This letter is primarily a narrative document setting forth information, which enables the Department to enhance its understanding of the Life and Health Insurer's financial position, results of operations, changes in capital and surplus accounts and cash flow. (See Attached NAIC MD&A instructions for the specific format and detailed guidance.)
- (7) All items must be identified. If you use the "other" category, please identify what is included in "other."
- (8) All expenses paid to medical providers (including dentists) should be included on line #9 "Hospital/medical benefits" of the Statement of Revenue and Expenses. They should not be included on line #10 "Other Professional Services" or line #29 "Aggregate write-ins for other income or expenses."

- (9) MAILING ADDRESS

Every HSC shall submit three (3) signed copies of the Quarterly Report:

Kwame Asare
NJ Department of Banking and Insurance
Office of Solvency Regulation
PO Box 325 (if sent by United States Postal Services)
Trenton, NJ 08625-0325

20 West State Street, 10th Floor (if sent by FedEx or UPS)
Trenton, NJ 08608-1206

Contact me at (609) 940-7409 or e-mail me at richard.kartes@dobi.nj.gov if you have any questions concerning this correspondence.

Sincerely,

Richard K. Kartes
Supervisor
Health Entities Financial Operations
Office of Solvency Regulations
Department of Banking and Insurance
Phone: 609-940-7409
Fax: 609-292-6765

CC: Steven P. Kerner, Jr., Chief Insurance Examiner
Diana Sherman, Assistant Chief, Health Entities Financial Operations
Kwame Asare, Supervisor, Office of Solvency Regulation