



**State of New Jersey**  
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STEVEN M. GOLDMAN  
*Commissioner*

BULLETIN NO. 06-22

TO: All Life & Health Insurers, Health Service Corporations, and Fraternal Benefit Societies

FROM: Steven M. Goldman, Commissioner  
Department of Banking and Insurance

RE: Amends Bulletin 06-01 (Effect of the Public Advocate Restoration Act of 2005 Upon Policyholder Notices of Requests for Medicare Supplement Insurance Rate Increases)

N.J.S.A. 52:27EE-1 et seq. (the Act) became effective on January 17, 2006. This law restored the Department of the Public Advocate as a principal department in the Executive Branch of State government. It also established in the Department of the Public Advocate the Division of Rate Counsel. Pursuant to the Act, the Division of Rate Counsel may represent and protect the public interest in significant proceedings that pertain solely to prior approval rate increases for personal lines property casualty coverage or Medicare supplement coverages. Pursuant to N.J.S.A. 52:27EE-48b, the Division of Rate Counsel has no jurisdiction or authority to participate or intervene in Medicare supplement prior approval rate filings of seven percent or less. N.J.S.A. 52:27EE-51 specifically mandates timeframes for the issuance of certain notices related to rate filings and prescribes the timeframes within which the notices must be issued.

On January 9, 2006, the Department issued Bulletin 06-01 outlining the immediate effect of the enactment of N.J.S.A. 52:27EE-1 et seq. The bulletin reminded carriers of the

requirement imposed by N.J.A.C. 11:45.3(a) to provide notice to policyholders of filings for Medicare supplement rate increases exceeding 7 percent annually and it advised them of the requirement to, concurrent with its filing, send a copy of any such request to the Division of Rate Counsel of the Department of the Public Advocate. The Bulletin also instructed carriers that, as specified in N.J.S.A. 52:27EE-51, the timeframe for the issuance of notices to policyholders of filings of requests for personal lines prior approval rate increases was within seven business days of the filing, not the ten business day timeframe referenced in N.J.A.C. 11:45.3(a). Finally, the Bulletin also advised carriers of the form of notice, pending the Department's review and possible modification of N.J.A.C. 11:1-45 in order to render it totally consistent with N.J.S.A. 52:27EE-1, et seq.

In the course of that review, the Department noted that N.J.S.A. 52:27EE-51 eliminated the requirement that notice of the filing of any request for a rate increase for Medicare supplement coverage be sent to each policyholder. In this regard, the Act superseded the requirement in N.J.A.C. 11:1-45.3 that insurers notify individual policyholders of the filing of certain Medicare supplement rate increase requests. N.J.S.A. 17:29A-53b, which was repealed by the Act and which N.J.A.C. 11:1-45.3 had implemented, had required that insurers and rating organizations notify their policyholders of any "consumer insurance overall rate increase," which was defined to mean prior approval rate filings for certain personal lines property casualty coverages and Medicare supplement coverages. N.J.S.A. 52:27EE-51 draws a distinction between "certain consumer insurance rate increases" and a "personal lines prior approval rate increase." It is only with respect to the latter category that insurers or rating organizations are required by the Act to provide notice of having filed for such a rate increase to named policyholders. As a result of the elimination of the requirement that notices of the filing of

requests for rate increases for Medicare supplement insurance be provided to individual policyholders, the portions of Bulletin 06-01 which refer to that notice requirement and to the form of such a notice are no longer operative. Based upon the enactment of N.J.S.A. 52:27EE-1, et seq., upon the readoption of N.J.A.C. 11:1, notice of which appeared in the New Jersey Register on September 5, 2006, the Department amended N.J.A.C. 11:1-45.3 to remove the references therein to the providing of notices of Medicare supplement rate increases to policyholders.

In addition, due to the enactment of N.J.S.A. 52:27EE-51, the repeal of the N.J.S.A. 17B:29-53 and the amendments to N.J.A.C. 11:1-45.3, the notice requirement referenced in N.J.A.C. 11:4-23.13(c) is no longer applicable. The Department intends to also amend N.J.A.C. 11:4-23.13 in the near future to delete that reference.

The requirement that insurers send a copy of any Medicare supplement rate filing requesting an increase exceeding 7 percent annually to the Division of Rate Counsel concurrently upon its being filed with the Department remains operative. See N.J.S.A. 52:27EE-50. The address to which the copy should be sent is:

Division of Rate Counsel  
Department of the Public Advocate  
31 Clinton Street, 11<sup>th</sup> Floor  
PO Box 46005  
Newark, NJ 07101

9/8/06  
Date

/s/ Steven M. Goldman  
Steven M. Goldman  
Commissioner

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