

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

In the Matter of:)
Proceedings by the Commissioner of Banking) CONSENT
and Insurance, State of New Jersey, to fine) ORDER
Healthcare Providers Insurance Exchange)

TO: Healthcare Providers Insurance Exchange
30 South 17th Street
Philadelphia, PA 19103-4196

This matter having been opened to the Commissioner (“Commissioner”) of the Department of Banking and Insurance (“Department”) of the State of New Jersey, upon information that Healthcare Providers Insurance Exchange (“HPIX”), a foreign reciprocal insurance exchange authorized to transact business in New Jersey pursuant to N.J.S.A. 17:50-1 et seq., may have violated the laws of the State of New Jersey; and

WHEREAS, N.J.A.C. 11:2-29.2 defines “withdraw” or “withdrawal” as the nonrenewal, cancellation, or termination of policies, or surrender of authority to transact the business of insurance in this State, or any insurer action that is equivalent to a withdrawal from the business of insurance in this State, including the transfer to another insurer of insurance business pursuant to an assumption agreement and defines “assumption agreement” as a contract between insurers whereby one insurer transfers all or substantially all of its rights, duties and obligations arising from certain policies to another insurer; and

WHEREAS, N.J.A.C. 11:2-29.3(d) provides that an insurer seeking to withdraw shall send a notice to its policyholders of the proposed withdrawal no later than 30 days following the

submission of an informational filing to the Commissioner that has not been disapproved as non-compliant; and

WHEREAS, N.J.A.C. 11:2-29.3(h) requires that the notice of proposed withdrawal sent to policyholders shall state, among other things, that, as required by law, the insurer has submitted an informational withdrawal filing to the New Jersey Department of Banking and Insurance advising of its intent to withdraw; and

WHEREAS, N.J.A.C. 11:2-29.5(a) provides that a withdrawing carrier may use a replacement carrier for business that will not be renewed, subject to the approval of the Commissioner, and that the Commissioner will notify the insurer whether the replacement carrier is approved within 60 days of the later of the filing of the withdrawing insurer of a request for approval of a replacement carrier or the filing by the prospective replacement carrier to be approved as a replacement carrier; and

WHEREAS, HPIX writes medical malpractice liability insurance in New Jersey and as of December 31, 2015 had 114 policies in force in New Jersey; and

WHEREAS, on October 27, 2015, HPIX advised the Department that it was selling its entire book of business to Medical Mutual Insurance Company of North Carolina (“MMIC”) through a transaction in which MMIC will assume all in-force HPIX policyholders and HPIX policyholders will have the option to reject the assumption, in which case coverage will terminate at the end of the policy period; and

WHEREAS, HPIX further advised that it will no longer write or renew insurance policies, will enter run-off, pursue voluntary dissolution and surrender its New Jersey license; and

WHEREAS, HPIX went on to state that it seeks a complete withdrawal from all authorized lines of coverage in New Jersey; and

WHEREAS, on December 21, 2015 the Department received a plan of withdrawal from HPIX and a certification of MMIC of compliance with N.J.S.A. 17:22-6.14a(n); and

WHEREAS, on December 21, 2015 the Department acknowledged receipt of the withdrawal filing and advised that the filing would be reviewed by the Department and that an acknowledgment letter would be sent when the Department's review is complete; and

WHEREAS, on December 30, 2015 HPIX sent notice to its New Jersey policyholders advising that their policies would be assumed by MMIC effective January 1, 2016, unless, on or before January 29, 2016 the policyholder rejects the assumption, advising that policyholders who reject the assumption will be non-renewed and offering to continue coverage for 60 days for rejecting policyholders whose expiration date is less than 60 days from the date of rejection; and

WHEREAS, the notice was sent prior the Department's approval of MMIC as a replacement carrier and prior to its acknowledgment that the withdrawal filing is compliant and the Department's review is complete; and

WHEREAS, the December 30, 2015 notice sent to HPIX's 114 policyholders in New Jersey did not contain all of the information required by N.J.A.C. 11:2-29.3(h); and

WHEREAS, good cause exists under N.J.S.A. 17:33-2 to impose a fine; and

WHEREAS, HPIX has waived its right to a hearing on the aforementioned violations and has consented to payment of a fine in the amount of twenty five thousand dollars (\$25,000.00);

and

NOW THEREFORE, IT IS on this 10th day of March, 2016

ORDERED AND AGREED that HPIX pay a fine in the amount of twenty five thousand dollars (\$25,000.00) by wire transfer or check made payable to the State of New Jersey, General Treasury due and payable immediately upon the execution of this Consent Order by HPIX; and

IT IS FURTHER ORDERED AND AGREED that the signed Consent Order together with the fine payment shall be transmitted to:

New Jersey Department of Banking and Insurance
Attention: Gale Simon, Assistant Commissioner
20 West State Street, 9th floor, Consumer Protection Services
P. O. Box 329
Trenton, NJ 08625-0329

; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein.



Peter L. Hartt
Director of Insurance

Consented to as to
Form and Content:

Healthcare Providers Insurance Exchange

By: ELI DWECK MD President of HPIX
Name and Title

El Dweck MD

Signature

MARCH 8, 2014

Date
