



STATE OF NEW YORK  
INSURANCE DEPARTMENT  
25 BEAVER STREET  
NEW YORK, NEW YORK 10004

**Circular Letter No. 4 (1999)**  
**January 28, 1999**

**TO: ALL ARTICLE 43 CORPORATIONS AND PUBLIC HEALTH LAW ARTICLE 44 HEALTH MAINTENANCE ORGANIZATIONS** (herein referred to as "insurers")

**RE: CLARIFICATION OF INSURER DUTIES AND RESPONSIBILITIES IN THE RATE ADJUSTMENT PROCESS PURSUANT TO INSURANCE LAW SECTION 4308.**

Insurance Law §4308(c) states that no increase or decrease in premiums with respect to community-rated contracts shall be approved by the Superintendent unless they are in compliance with the provisions of the subsection as well as any other applicable section of law.

As the Department recognizes its responsibility to promptly review rate adjustment requests, insurers must also recognize their paramount responsibility to file complete rate adjustment requests at least 90 days prior to the requested effective date. Therefore, it is a violation of the intent of the rate adjustment process for an insurer to implement its requested rate adjustment on subscribers without first having secured the Superintendent's approval upon the completed review of the rate adjustment request. Excluding the provisions of 11 NYCRR 52.42 regarding guaranteed HMO subscriber rates, the Department requires that any billings to subscribers must be in accordance with its current approved rate structure until a complete rate adjustment request is reviewed and approved by the Superintendent. The Department is committed to processing and acting upon complete applications by the requested effective date.

The interests of policyholders and insurers are best served by a rate adjustment process that is unhindered by delay. Unfortunately, the Department often receives from insurers incomplete rate adjustment requests which are not in compliance with New York State Law or regulation or rate adjustment requests that are not filed at least 90 days prior to the requested effective date pursuant to Circular Letter 13 (1988). These late, inadequate and defective submissions account for needless delays and are an inefficient use of the Department's finite resources. Our time could be better spent reviewing and responding to completed rate adjustment requests.

To help facilitate the approval process, the Department issues instructions for the submission of prior approval rate adjustments that are available through Mary Lee Kreuter in the Health Bureau's New York City office, and through the Department's Website at [www.ins.state.ny.us/hlthmenu.htm](http://www.ins.state.ny.us/hlthmenu.htm). The Department also encourages insurers to contact appropriate Department personnel prior to making rate adjustment requests with any questions concerning the relevant rules, filing requirements and other procedures. Department personnel will be available for meetings or conference calls to discuss rate adjustment requests, substantive or procedural requirements or any other appropriate matter. Initial contact in the Health Bureau may be made to:

Mary Lee Kreuter, Assistant Chief Examiner  
Health Bureau  
NYS Insurance Department  
25 Beaver Street  
New York, NY 10004  
(212) 480-5240  
[mkreuter@ins.state.ny.us](mailto:mkreuter@ins.state.ny.us)

The Department is also reminding insurers that they are responsible for ensuring that all rate materials are provided with their initial request. In addition, rate adjustment requests must conform to the requirements of the New York State Insurance Law and to all Department rules and regulations.

Very truly yours,

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Neil D. Levin  
Superintendent of Insurance