



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

David A. Paterson
Governor

Kermitt J. Brooks
Acting Superintendent

Circular Letter No. 17 (2009)

July 15 , 2009

TO: All Insurers Licensed to Write Accident and Health Insurance in New York State, Article 43 Corporations (“Insurers”) and Health Maintenance Organizations (“HMOs”)

RE: Submission of Information for Loss Ratio Reports Filed Pursuant to New York Insurance Law § 3231(e)(2)(B) or 4308(h)(1)

STATUTORY REFERENCE: Insurance Law §§ 308(a), 3231 and 4308; 11 NYCRR 361 (Regulation 146)

The purpose of this Circular Letter is to advise insurers and HMOs that must submit a loss ratio report pursuant to New York Insurance Law §§ 3231(2)(B) or 4308(h)(1) that each submitting insurer or HMO should account for claims paid through April 30 of the year following the reporting year when completing the loss ratio report.

With respect to Form H-1 and/or Form I-1 of the loss ratio report submitted for reporting year 2008, and originally due May 1, 2009, in determining the direct claims incurred for reporting year 2008, resulting loss ratios, and resulting credits or dividends:

- a. The Estimated Direct Claims Unpaid as of December 31, 2007 (column (3)) should be developed based upon the actual direct claims paid from January 1, 2008 through April 30, 2008 on claims with an incurral date of 2007 and prior, plus an estimate of the direct claims unpaid as of April 30, 2008 on direct claims with an incurral date of 2007 and prior.
- b. The Estimated Direct Claims Unpaid as of December 31, 2008 (column (4)) should be developed based upon the actual direct claims paid from January 1, 2009 through April 30, 2009 on claims with an incurral date of 2008 and prior, plus an estimate of the direct claims unpaid as of April 30, 2009 on direct claims with an incurral date of 2008 and prior. The estimate of the direct claims unpaid as of April 30, 2009 should be calculated in a manner consistent with how the estimate of the direct claims unpaid as of April 30, 2008 was developed.
- c. The estimate for payments to the demographic and specified medical condition pools (“SMC”) (column (6)) should be based on the actual Regulation 146 pool result for the

2008 experience year communicated to the insurer or HMO, or if no such communication has yet occurred, should be based on the insurer's or HMO's current best estimate of such anticipated payment to the Regulation 146 pool.

d. The estimate for anticipated stop loss recoveries under Insurance Law §§ 4321-a, 4322-a and 4327 (column (7)) should be based on the insurer's or HMO's current best estimate of such anticipated stop loss recovery for the reporting year.

Pursuant to Insurance Law § 308, every insurer and HMO must submit an updated loss ratio report and an updated actuarial memorandum incorporating this additional information by **Monday, August 17, 2009**. The updated loss ratio reports are to use the same Microsoft Excel workbook templates as included in the 2008 Loss Ratio Report Submission Instructions and Forms Packet.

The Department recommends that the updated loss ratio reports be submitted electronically via email, or else mailed with a compact disc that includes the completed Excel workbooks (unless the insurer or HMO submits the Excel workbooks via email). The Excel workbook should be compatible with Microsoft Excel version 2003.

Please direct any questions, and submit the updated loss ratio report, including applicable forms H-1, H-2, H-3, I-1, I-2, I-3 and P-1, cover letter, and updated actuarial memorandum, to:

Mr. Gary Teitel, Assistant Chief Actuary
New York State Insurance Department
25 Beaver Street – Health Bureau
New York, NY 10004-2319

Email: GTeitel@ins.state.ny.us

Phone: (212) 480 - 7709

Very truly yours,

Eugene Bienskie, Jr.
Assistant Deputy Superintendent and
Bureau Chief, Health Bureau