



FALL, 1999

TWO NEW DIRECTORS TO HEAD DIVISIONS OF BANKING AND INSURANCE

On Nov. 15, the Senate confirmed the nomination of two new directors at the Department of Banking and Insurance, Donald Bryan to head the Division of Insurance and Nicholas Ketcha to head the Division of Banking.

Mr. Bryan joined the department in 1982 and served in various capacities before being named director of the Division of Insurance.

As director, Mr. Bryan will monitor the financial solvency of insurance companies and protect consumers from unlawful practices. There are eight units within the division, Property and Casualty, Life and Health, Anti-Fraud Compliance, Enforcement and Consumer Protection, Financial Examinations, Financial Solvency Workers Compensation and the Unsatisfied Claim and Judgment Fund. The Individual Health Coverage (IHC) Board and the Small Employer Health (SEH) Benefits Board are also housed within the division.

Mr. Ketcha recently retired after more than 30 years with the Federal Deposit Insurance Corporation (FDIC). In his most recent position with that agency, he served as director of the FDIC's Division of Supervision, overseeing the agency's banking supervision and examination activities across the nation.

As director of the New Jersey Division of Banking, Mr. Ketcha will oversee the regulation of banks chartered in New Jersey, and will work closely with federal agencies, including the FDIC, the Federal Reserve, the Office of Thrift Supervision and the Office of the Comptroller of the Currency. He will be assisted by a staff of 100 and oversee a budget of \$6,555,000.



URBAN ENTERPRISE ZONES MAKING AUTO INSURANCE MORE ACCESSIBLE IN CITIES

In 1997, Gov. Whitman signed legislation that created the Automobile Urban Enterprise Zone (UEZ) Program. As part of the governor's overall agenda to make New Jersey a better place to live, work and

raise a family, this legislation was enacted to foster increased access to automobile insurance in our urban centers.

The law was based on the expectation that various incentives could be used to encourage insurance companies to write more in cities. If necessary, assignments would be used if companies did not voluntarily increase their writing of urban drivers.

On Nov. 4, Commissioner of Banking and Insurance Jaynee LaVecchia announced that in the two years since the UEZ program was established, New Jersey motorists who live in urban centers are finding auto insurance easier to buy.

The latest review of the program revealed that more companies are writing policies in the UEZs than ever before, creating competition and giving consumers more options when choosing a company with which to conduct business.

Also, more people in the UEZs are buying insurance. The number of insured vehicles in the UEZs has increased 12 percent over the two-year period – three times the statewide percentage of growth. The total number of insured vehicles in the UEZs increased from 487,618 to 544,067 – a 12 percent gain. During that same two-year period, the non-UEZ market grew by just 4 percent from 3.9 million to 4.1 million vehicles.

"Because more companies have made themselves available in the cities, urban drivers have more choices and are better served," Commissioner LaVecchia said. "The UEZ program is stimulating competition in the cities, resulting in insurance being more accessible to consumers."

The UEZ law requires that insurers have substantially the same market share in the UEZs as they have in the rest of the state. Every year, the department calculates how many cars each carrier must insure in the UEZs to maintain its market equity.

Since the program started, 36 companies increased their market share in the UEZs and 10 companies saw their market share decrease. This is a result of business in the UEZs redistributing itself among insurers and consumers shopping around in a market that is now offering more choices.

Companies did a better job meeting their UEZ goals in the second year of the program. In September 1998, nine insurance companies fell short of their UEZ goal by some 30,000 vehicles. This year, all but two companies met their goals. Together the shortfall was only 1,168.

Under the UEZ law, companies may meet their share requirements voluntarily through increased marketing and the use of special company UEZ agents. Companies not meeting their UEZ shares within the timeframes set by the state are assigned drivers through the Urban Zone Assigned Risk, a program administered by the New Jersey Personal Automobile Insurance Plan.

Companies that are under-represented according to the formula must increase the number of cars they insure in the UEZs. The formula for each year is calculated using data on cars insured on Sept. 30 of the previous year. The share goals, therefore, will vary from year to year because of fluctuations in the company market shares and in the number of cars insured statewide and in the UEZs.



DEFENSIVE DRIVING AUTO INSURANCE DISCOUNT EXTENDED

Insurance companies are being reminded that they must continue giving premium discounts to motorists who successfully complete an approved defensive driving course.

To underscore a recent change in the law, Banking and Insurance Commissioner Jaynee LaVecchia has issued a bulletin to insurers that may not have been aware that the program has been extended. The original law had provided for a "sunset" provision, which would have eliminated the defensive driving course premium reduction on Jan. 1, 2000. That provision was repealed this past summer, allowing for the discounts to continue into the new millennium.

Discounts must be at least five percent of the base premium – excluding fees for bodily injury liability, property damage liability, personal injury protection and collision coverages – and serve as an additional savings to the 15 percent overall rate reduction New Jersey motorists began receiving this year under the state's auto insurance reforms.

"This is another valuable tool New Jersey motorists can use to lower their insurance premiums," Commissioner LaVecchia said.

The discounts apply for a three-year period following the successful completion of a defensive driving course approved by the state Division of Motor Vehicles. Discounts would not apply if the driver accumulates four or more motor vehicle points or has his license suspended after taking the course.

With the "sunset" provision repealed, the discount is available not only to drivers who are taking the course for the first time, but also to those whose discounts are ending and wish to take the course again to become eligible for the defensive driving course premium reductions for another three years.

"This law encourages motorists to take driver safety courses and to drive safely by rewarding them with premium reductions," Commissioner LaVecchia said. "With the continuation of the program, hopefully we will have more safety conscious drivers on our roads."

A list of the entities offering approved defensive driving courses can be found at: www.njdobi.org/

[dmv Schl.htm](#).



NJ KIDCARE PROVIDES AFFORDABLE HEALTH CARE FOR NJ CHILDREN

Obtaining quality healthcare for all New Jersey children may be easier and more affordable than many people think. NJ KidCare, a program created under the Whitman administration, utilizes state and federal money to provide a comprehensive package of free or low-cost healthcare services through health maintenance organizations (HMOs) to New Jersey families who qualify.

And since Gov. Whitman recently signed a bill that raised the income limits of the NJ KidCare program, more New Jersey families than ever before qualify for coverage. Families with incomes up to 350 percent of the federal poverty line (which includes a family of four with an income of \$58,450 or less) are now eligible.

A family's income determines whether they will be required to pay a monthly premium. For example, a family of three, earning \$20,620 a year, would not be required to pay a premium. Families with higher incomes are still eligible, for a monthly premium of \$15 to \$100.

NJ KidCare services include well child and other preventative services, hospitalization, physician care, lab and x-ray services, prescription drugs, mental health services, vision and other services. Uninsured New Jersey children up to 18 years of age may be eligible. The NJ Department of Human Services estimates that 155,000 children living in New Jersey are eligible for the program. Eligibility is based on the number of people in the family and the family's total income.

NJ KidCare has initiated several grassroots outreach efforts to directly contact families who may need healthcare, including recently taking applications and answering questions about the program at 20 Kmart stores throughout the state. Families also can learn more about KidCare and eligibility requirements at their local schools, churches, neighborhood associations or daycare centers - or they can simply call NJ KidCare toll free at 1-800-701-0710 for more information.



BANKING AND INSURANCE STAFF ASSISTS FLOOD VICTIMS

In the wake of Tropical Storm Floyd, Governor Whitman dispatched state workers, including Department of Banking and Insurance staff, to the state's disaster information centers to assist victims.

"Residents and business owners who were affected by the storm need accurate information delivered quickly to determine how to file claims for covered losses," Commissioner LaVecchia said.

Staff from the department arrived at shelters on Saturday, September 18 to answer banking and insurance questions and assist in referrals to the Federal Emergency Management Agency (FEMA) for those who did not have insurance coverage for their losses.

Representatives from the department answered questions about what is covered by homeowners insurance and what damage is covered by the National Flood Insurance Program.

This is the fourth time department staff has responded to areas devastated by disasters. In 1997, the Governor sent teams to assist victims of floods in Atlantic County. Teams were also dispatched to Bound Brook in 1996 after flooding hit that area and to Edison after the pipeline disaster in 1994.

Unfortunately, many homeowners don't realize that their standard homeowners insurance policies do not cover flood-related damages - until after they've had a flood and then it's too late. Consumers should be reminded that flood insurance is available through the National Flood Insurance Program, administered by FEMA.

For information on available coverage:

- National Flood Insurance Program: 1-888-CALL-FLOOD ext.304
- Federal Emergency Management Agency: 1-800-462-9029



HARTFORD GROUP MUST RETURN \$3.2 MILLION TO CONSUMERS

The Hartford Group, including Hartford Casualty, Hartford Underwriters and Twin City Fire Insurance companies, has been required by the Department of Banking and Insurance to return more than \$3.2 million in excess profits to New Jersey auto insurance policyholders.

"The excess profit law is a valuable tool to ensure that New Jersey drivers are not paying more than necessary for their auto insurance," Commissioner LaVecchia said.

"Financially healthy insurance companies are important to New Jersey, but profits may not exceed the limits of the law put into place to protect consumers," she added.

Since 1988, New Jersey law has required that each year auto insurance companies report profits to the Department of Banking and Insurance for the preceding three years. Profits are considered to be excess if the three-year average exceeds 6 percent, after taxes.

Based on the review of the company's recent excess profit filing for the years 1996, 1997 and 1998, the

Hartford Group was required to refund a total of \$3,251,253 to approximately 60,000 policyholders who held policies during the years reviewed, an average of about \$54 each. The company began disbursing refunds to consumers in October and disbursement must be completed by January 2000.

The department's review of auto insurance companies' excess profit filings continues.



REVISED NOTICE TO ALL LICENSED PRODUCERS

RE: WORKERS COMPENSATION INSURANCE CERTIFICATES OF INSURANCE

(This bulletin supplements the notice that appeared in the spring issue of The Reporter.)

There are instances where certificates of insurance indicate that workers compensation insurance is in force through the New Jersey Workers Compensation Insurance Plan. Such certificates are improper. The plan is the residual market mechanism administered by the Compensation Rating and Inspection Bureau (NJCRIB). Through the plan process, producers who submit applications on behalf of employers are not agents for and hold no special status with the plan or NJCRIB.

The provisions of the plan describe the procedures with respect to processing of such policies, including how the effective date of coverage is determined under various circumstances. The procedures also provide that "the rating bureau shall forward to the designated insurance company one copy of the application, the notice of the effective date of the insurance and the advance premium..." Until such time as the designated insurer issues the policy, NJCRIB provides documentation in the form of a notice of designation that the insured has workers compensation coverage. We have been advised by NJCRIB that within three to five days of the receipt of an application and appropriate deposit payment, the notice of designation is sent to the designated insurer, producer and employer. Until the policy is issued, and provided the proper deposit premium has been paid, the notice may be used to demonstrate to others that workers compensation coverage is in place.

Producers engaged in plan activity are not permitted to issue "binders" or "certificates of insurance" or to otherwise purport to bind coverage as an authorized representative of the plan or NJCRIB. Such action may result in financial and/or disciplinary action. Also, providing a certificate of insurance where:

- a. authority has not been granted by the insurer, or
- b. a policy has not been issued, or
- c. the insurer has not been properly identified, or
- d. the policy number is not valid, or
- e. the policy period is not properly cited,

also may subject the producer to financial and/or other disciplinary sanction. Lastly, in accordance with the standard ACORD procedure, certificate holders should be notified of termination of coverage.



Late Summer Updates:

GARDEN STATE HOSPITALIZATION PLAN PLACED UNDER ADMINISTRATIVE SUPERVISION

Garden State Hospitalization Plan was placed under administrative supervision on August 13 by the Department of Banking and Insurance and was ordered to stop writing new and renewal business.

The order entered by the commissioner urged Garden State's 25,000 members – most of them in small employer group contracts – to seek coverage elsewhere. The commissioner has activated the New Jersey Life and Health Guaranty Association to protect members and providers. The Guaranty Association coverage will last until 45 days following a court determination of insolvency.

"A thorough examination of Garden State's finances demonstrates it cannot meet its liabilities and has been unable to come up with a plan to solve its financial difficulties," Commissioner LaVecchia said. "We will petition the court to have the company declared insolvent and placed in liquidation so further protection can be provided to its members, providers and creditors."

Garden State is a nonprofit hospital service corporation that began operation in 1939. In order to provide standard small employer group contracts, it entered into a partnership with U.S. Life Insurance Company, in which Garden State provides hospital expense benefits and U.S. Life, a separate company from Garden State, provides the balance of coverage.

Regulators had met with Garden State on numerous occasions regarding its finances and reviewed a number of business plans presented by the company, all of which contained projections indicating it would meet its minimum surplus requirements within two years as required by law. However, close examination revealed that these business plans contained discrepancies and could not be accepted.

Revised plans and accompanying projections were submitted as recently as July 14, 1999 and August 10, 1999. In both instances, the department concluded that Garden State had not adequately adjusted its projected claims to reflect its continuing financial loss and would not meet its minimum surplus requirements within two years.

The Guaranty Association will continue to pay group health benefits on behalf of insurers until 45 days following a court declaration of insolvency. For individual contractholders, benefits may be paid up to one year. Because of these limits, the commissioner has activated the Guaranty Association to begin

paying claims even before filing the insolvency petition with the court.

"I deeply appreciate the prompt and positive way in which the Guaranty Association has responded to this important need to protect Garden State's members and providers," Commissioner LaVecchia said. "They can be assured their immediate health care needs will be met, and they can make a seamless transition to another carrier."

For information on alternate insurers, consumers can call 1-800-838-0935 (individual coverage) or 1-800-263-5912 (small employer groups). Information is also available on the department's web site at www.njdobi.org/reform.htm



COMMISSIONERS APPROVE AETNA'S PURCHASE OF PRUDENTIAL HEALTHCARE PLAN, INC.

On August 6, Banking and Insurance Commissioner Jaynee LaVecchia and Health and Senior Services Commissioner Christine Grant approved Aetna Inc.'s purchase of Prudential HealthCare Plan Inc., subject to certain conditions placed on the ownership transfer to protect HMO consumers and health care providers.

In their decision, the commissioners found the acquisition met all applicable statutory and regulatory requirements. The commissioners noted that both the U.S. Justice Department and state Department of Law and Public Safety's Division of Criminal Justice concluded that there was insufficient basis to challenge this merger under antitrust laws.

"Through this decision and consent order we have balanced the business interests of Aetna and Prudential HealthCare with the concerns expressed by consumers and providers throughout the application process," said Commissioner Grant.

"Throughout this process, we were attentive to concerns regarding the effect this sale might have on HMO consumers and the health insurance market in this state," said Commissioner LaVecchia. "For that reason, we will be monitoring the transition to make sure there is no adverse impact on the future delivery of health care in New Jersey."

The conditions include consumer protection provisions, provider protections, restrictions on the use of certain contract provisions previously employed by Aetna, rate review and enhanced reporting and examination requirements during the period of integration of the Prudential health plan.

Aetna will continue to operate its Aetna/U.S. Healthcare and Prudential HealthCare health maintenance organizations separately, each maintaining its own benefits, networks and payment rates, until the

departments review and approve a transition plan and until current Prudential HealthCare contracts expire.

Among the conditions imposed on the ownership transfer, Aetna will continue coverage after PruCare contracts expire for an additional 120 days for members with life-threatening or disabling conditions with the patients' current provider even if the provider chooses not to join Aetna. Coverage with current providers for pregnant members will continue through six weeks after delivery.

Aetna also agrees to continue its current commitment to programs such as Medicare, Medicaid, NJ KidCare and Vaccines for Children.

Other conditions include:

- Aetna will maintain at least 90 percent of the current PruCare physicians in its network for three years.
- Decisions on appeals made by independent utilization review organizations will be binding on the HMO.
- Aetna must give the departments four months advance notice of any intent to impose more stringent utilization review or reimbursement policies on providers.
- Aetna will submit reimbursement and market share analyses to monitor any effect on physicians' ability to contract. At Aetna's expense, the departments will be able to hire medical and health economic consultants to review competition and quality of care issues.
- The departments retain the authority to require Aetna to divest some of its business in the future to maintain ease of market entry for competitors.



FORMER AGENT CHARGED WITH FAKING INSURANCE CARDS

A former Atlantic City agent has been arrested for selling bogus motor vehicle insurance cards.

On September 24, the Atlantic County prosecutor's office announced charges against Ashraf F. Hassan Gouda, for selling simulated motor vehicle insurance identification cards between 1996 and 1999. Gouda sold the cards for \$50 to \$100 from his travel agency, H. Group Ltd. and the American Group, located at 1711 Atlantic Ave.

Gouda's arrest is part of a collective effort by the Department of Banking and Insurance, the Division of Motor Vehicles, State Police and local law enforcement to combat the growing problem of bogus motor vehicle identification cards.

Gouda held a state insurance license until October 1998 at which time the department revoked his license for various violations of insurance rules and referred the matter to the prosecutor's office.

The investigation of Gouda was headed by Stan Lewis of the Department of Banking and Insurance and Josh Lichtblau of the Department of Law and Public Safety.

FINES AND OTHER PENALTIES

The department has assessed fines to the following companies for various violations of New Jersey's insurance statutes and regulations.

Chubb Insurance Group - \$63,500 for instances disclosed during 1993 and 1997 market conduct examinations in which their termination, underwriting practices and agency termination practices did not comply with various departmental rules.

Highlands Insurance Group - \$5,000 for the late filing of quarterly windstorm market survey reports in 1998, which reports also contained inaccurate data.

Valley Forge Life Insurance Company - \$1,000 for allowing one of its agents to issue a life insurance advertisement that did not comply with departmental guidelines.

Wausau Insurance Company - \$1,000 for the late filing of a New Jersey automobile insurance coverage option survey report.

LICENSE REVOCATIONS

Olawunmi T. Adetula, East Orange - Revocation and a \$10,000 fine for failing to remit premiums to NJPAIP; allowing a revoked producer to transact insurance business on her behalf; submitting auto insurance applications to NJPAIP with falsified cancellation notices; preparing and submitting an auto insurance application to NJPAIP without the knowledge or consent of the applicant for coverage on a vehicle that was neither owned or operated by the applicant; submitting auto insurance applications to NJPAIP with various deficiencies; failing to submit 15 auto insurance applications and deposit premiums to NJPAIP in a timely manner; transacting NJPAIP business subsequent to her decertification; failing to establish and maintain a trust account and failing to keep accurate books and records.

James N. Kurichi, Turnersville – Revocation in lieu of a \$5,000 fine for mailing a monthly newspaper to New Jersey residents containing a life insurance advertisement which failed to clearly identify the name of the insurer providing coverage or disclose the nature of his relationship to the insurer and using an unfiled trade name.

Alfonso Meneses, Jr., Teaneck – Revocation for depositing into his personal checking account an investment check received from a client and for changing his business address without proper notification to the commissioner.

Maureen Moragne, Mt. Ephraim – Revocation for accepting deposit premiums from 10 prospective insureds for auto insurance and failing to forward their applications and premiums to an insurer.

John J. Mullin, Minesville, Pennsylvania – Revocation for requesting three annuity surrender checks from an insurer without the knowledge or consent of the annuitant and subsequently depositing the checks totaling \$90,427.37 into a bank account he controlled; requesting an insurer to issue an annuity surrender check for \$17,800, again without the knowledge or consent of the annuitant, using the proceeds to establish a money market account and withdraw \$2,000.

Richard C. Weil, Ridgefield – Revocation and costs for the suspension of his NJPAIP certification due to his failure to provide NJPAIP with the corresponding automobile insurance application for one electronically bound risk and his affiliation with a decertified NJPAIP producer; failing to respond to a departmental inquiry; failing to comply with a departmental subpoena and failing to notify the commissioner of a change in his business address.

SUBMITTING AUTO INSURANCE APPLICATIONS TO NJPAIP OR NJCAIP WITH VARIOUS DEFICIENCIES

Yaclu Antoine, Newark - \$1,000

John E. Gilliams, Camden - \$1,000 (Fine also includes a penalty for failing to establish and maintain a trust account.)

Fouad P. Jebelli, New Brunswick - \$1,000

Memphis America, Inc. and its active officer, **Adel F. Sidarious**, Jersey City - \$1,000 (Fine also includes a penalty for failing to establish and maintain a trust account.)

Robert Stone, Voorhees - \$2,000

FAILING TO COMPLY WITH THE DEPARTMENT’S REPLACEMENT REGULATIONS

Frank Angelotto, Boonton - \$500

Michael E. Botti, Garfield - \$5,250 (Fine also includes a penalty for submitting two documents to an insurer without the genuine signature of the insured and changing his business address without proper notification to the commissioner.)

John Purfield, Tinton Falls – \$2,250 (Fine also includes a penalty for changing his business address without proper notification to the commissioner.)

FAILURE TO NOTIFY THE DEPARTMENT OF CHANGES IN BUSINESS AND/OR RESIDENCE ADDRESSES

(\$250 fine except where indicated)

Anderson, Robert J. Moorestown

Arbore, Michael Newton

Ball, Robert O. Ridgewood

Barrett, Mary Ellen Basking Ridge

Beirne, Patricia Caldwell

Berk, Kenneth J. Ramsey

Bernstein, David A. Jersey City

Bogiages, Simeon Springfield

Botti, Michael E. Garfield

Brown, Judith N. Edina, MN

Carbone, Christopher Toms River

Cassidy, Janice M. Somerville

Christy, Christine A. Turnersville

Ciampi, Linda Roseland

Cokelet, Kim Basking Ridge

Cooper, Karen Middletown

Cosentino, Robert A. Old Bridge

Cosgrove, George A. III Vineland

Cusack, Richard West Chester, PA

Davis, Felicia M. Virginia Beach, VA

DiMaggio, Jean D. Aberdeen

Donaldson, Mark Colts Neck

Drella, Ann Marie Lyndhurst

Esposito, Kathleen Whippany

Follet, Michele Nutley

Fox, Carol A. Brick

Frees, Robert Phoenixville, PA

Friedlander, George Manville

Friedman, Deborah Fair Lawn

Gkassm Hiseog C, Montclair

Goldberg, Holly L. Lawrenceville

Hanebury, Arthur C. Ft. Washington, PA

Hofmaster, Robert W. Morristown

Hunter, Ann Marie Metuchen

Hyer, Frederick West Milford

Jones, Terry E. Warren

Jowett, Kimberly A. Langhorne, PA

Kades, Lawrence Blue Bell, PA

Keswani, Anoop West Hempstead, NY

Klock, Gertrude Somerville

Kurzrok, Eugene Garden City, NY

Labruna, Elizabeth Little Ferry

Lagan, Thomas K. Singerlands, NY

Lanzaloto, Louis Downingtown, PA

Lelli, Lewis Whitehorse Station \$500

Lindberg, Keith Cranbury

Lombardo, James V. Livingston

Madway, Merton L. Newtown, PA

Magire, Matthew Jr. Brick

Malin, George B. Chester, VT

Markowitz, Eric Cherry Hill

McCrea, James Stockton

McCutchen, Daniel New York, NY

McMahon, Denise L. Cape May Court House

McManmon, James Cherry Hill

Meneses, Alfonso Jr. Teaneck

Middleton, Brian M. Chalfont, PA

Moonan, Michael P. Cranford

Moragne, Maureen Mt. Ephraim

Moreno-Gonzalez, Blanca New York, NY

Morgan, Willie Somerset

Nafash, Steven Warwick

National Brokerage Rockyville, MD

Nicolosi, Alfred Atco \$500

Odell, Brenda Bayville

Oxford, Patricia Hackensack

Pascarella, Charles Jr. Basking Ridge

Pittler, Steven M. Hunt Valley, MD

Pollock, James Portola Valley, CA

Port, Peter East Hills

Priesing, Charles P. Pequannock

Purfield, John Tinton Falls

Rocco, John A. Cherry Hill

Rogers, Brian Randolph \$500

Ryan, James D. Robbinsville

S&C Agency, Inc. Jericho, NY

Sannitti, Anthony F. East Hanover

Sawyer, Elise Virginia Beach, VA

Schaechter, Michele Randolph

Schaecther, Jonathan Randolph

Singleton, Bertha Phoenix, AZ

Sleeper, Thomas Wellesley, MA

Spano, Debra Mine Hill

Standing, Jeffrey A. Great Meadows

Stevens, Paul Bridgewater

Strohoefer, Mark H. Wall

Stuart, Mark Wayne

Sugarman, Yamuna Sheila S. Fallsburg, NY

Tamayo, Andis Orlando, FL

Taylor, Frank Union

Tuthill, Richard A. Egg Harbor Township

Webb, William A. Wyncote, PA

Weil, Richard C. Ridgefield

Wieczerek, Thomas J. Shark River Hills

Winkleman, Robert Narbarth, PA



The following was excerpted from the department's 1998-1999 annual report. The report, in its entirety, will soon be posted on the department's website <http://www.naic.org/nj/NJHOMEPEG.HTML>.

During 1998 and on into 1999, New Jersey banking and insurance consumers were the focus of a number of significant education campaigns as the department continues to elevate consumer education to a higher priority. Using communications tools such as press releases, the department's web site, radio

and newspaper public service announcements, brochures and guides on regulated entities, and their products and direct mail, we have reached consumers around the state to provide much-needed, accurate information on a variety of topics. We also dispatch staff to community town hall meetings and fairs and festivals to distribute materials and answer questions.

To introduce the new automobile insurance tier rating system, the offices of Public Affairs and Property and Casualty collaborated on the "Consumer Handbook on Tier Rating." This comprehensive handbook provided easy-to-compare charts of the tier rating system of every private passenger auto insurance company doing business in New Jersey.

The tier rating guide is packaged with the annual Auto Insurance Premium Comparison Survey prepared by Property and Casualty. The survey offers sample insurance premiums for each company, giving consumers a general guide on the wide range of prices available for auto insurance policies.

Health insurance consumers were the focus of a number of consumer education efforts. The Small Employer Health Benefits Program (SEH) and the Individual Health Coverage Program (IHC) combined distributed about 1,250 consumer guides each month during 1998. The Georgetown University Institute for Healthcare Research recognized the education materials as model consumer guides. Staff from the two programs provided speakers for more than 30 community groups as well as public affairs television and radio programs.

During the latter part of 1998 through the beginning of 1999, tremendous resources were devoted to assisting members of HIP Health Plan of New Jersey and American Preferred Provider Plan, two HMOs that ceased operations. The public education efforts and rapid response to the needs of consumers brought together the Office of Public Affairs, the Office of Enforcement and Consumer Protection, the SEH and IHC programs, the Office of Financial Solvency and staff as needed from other offices to work as a team on this massive education project.

In 1999, the Office of Insurance Claims Ombudsman also was established to aid in the investigation of consumer complaints, monitor the implementation of various insurance regulating laws, respond to consumer inquiries about policy provisions and coverage availability and publish and disseminate buyers' guides and comparative rates.

Tying all of the department's consumer education efforts together, is our award-winning web site. The department has had a presence on the worldwide web (www) since March of 1995. It was the first New Jersey department with a home page and the third state insurance regulator in the United States to have a home page.

Visitors to the web site, averaging about 40,000 each month, can access more than 1,000 web pages of interest to consumers and regulators. Among the most popular areas are auto insurance shopping information, press releases, complaint ratios, premium comparisons for health, term life and homeowners insurance, bulletins and orders by the Commissioner, newsletters, regulations, lists of

financial institutions and their addresses and forms for real estate and insurance licenses.

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