

PRESS RELEASE

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Thousands of Arizonans Eligible for Disability Income Claims Reassessment

Multi-State Settlement with UnumProvident Insurance Group

PHOENIX – As a result of a recent multi-state market conduct examination settlement, nearly 5,000 UnumProvident policyholders in Arizona are eligible to have their disability claims re-evaluated for payment, and Arizona's General Fund is expected to receive a \$179,000 pro-rata share of the national \$15 million settlement.

The Settlement Agreement involved the three principal insurers of the UnumProvident Insurance Group: *Unum Life Insurance Company of America*, *Provident Life and Accident Insurance Company*, and *The Paul Revere Life Insurance Company* and was the result of a multi-state examination¹ of the insurers' claims handling practices for both long-term individual disability income and group disability insurance policies. The regulators initiated the examination to determine whether UnumProvident used unfair claim settlement practices in handling its disability income claims. The examination found several areas of concern:

- Excessive reliance on in-house medical professionals
- Unfair evaluation and interpretation of attending physician or independent medical examiner reports
- Failure to evaluate the totality of the claimant's medical condition
- Inappropriate burden placed on claimants to justify eligibility for benefits.

It is anticipated that 48 states will participate in the national settlement, along with the U.S. Department of

Policyholders of *Unum Life Insurance Company of America*, *Provident Life and Accident Insurance Company*, and *The Paul Revere Life Insurance Company*...

Watch your mailbox!

3,403 policyholders will soon receive written notice of the **Claim Reassessment Process**. Claimants will have **60 days from the date of the Notice** to respond.

Check your claim records!

At least 1,500 *additional* policyholders (with claims between 1997 and 1999) may also be eligible. These claimants will not receive written notice of their eligibility for claim reassessment, but they can request reassessment **until July 18, 2005**.

For more information, claimants should call the UnumProvident toll-free hotline

**(877) 477-0964, or visit
www.unumprovident.com**

¹ The regulators of Maine, Massachusetts and Tennessee, the domiciliary states of the three companies, conducted and coordinated the multi-state market conduct examination.

Labor, who conducted a concurrent investigation of UnumProvident's handling of ERISA claims under the Employee Retirement Income Security Act .

Important Deadlines!

The Settlement Agreement requires UnumProvident to implement a ***Claim Reassessment Process*** to re-evaluate all claim denials and/or terminations since January 1, 1997, in cases where judgmental factors influenced UnumProvident's decision on the claim.

"It's especially important that UnumProvident's policyholders are aware of the Claim Reassessment Process," said Christina Urias, Director of Insurance. "Thousands of Arizonans are eligible to have their disability claims re-evaluated, but they need to be aware of the deadlines for participation."

There are two groups of claimants eligible to participate in this *Claim Reassessment Process*:

Specified Claimants — Policyholders with claims submitted and denied on or after January 1, 2000 are Specified Claimants. Beginning January 4, 2005, UnumProvident will mail a written notice of the *Claim Reassessment Process* to Specified Claimants, who then have **60 days** to advise UnumProvident of their intent to participate in the *Claim Reassessment Process*.

Requesting Claimants — Policyholders with claims made between January 1, 1997 and December 31, 1999 are Requesting Claimants and will not receive the written notice, but may be entitled to reassessment as well. Requesting Claimants can call UnumProvident companies at (877) 477-0964 to request a Reassessment Form and have **until July 18, 2005** to request participation in the *Claim Reassessment Process*.

Other Corrective Actions

The companies' corrective actions also include corporate governance changes, including the addition of new members to the Board of Directors. In addition, UnumProvident agreed to make notable improvements to its claims organization and procedures by increasing emphasis on compliance accountability, increasing involvement of more experienced claim personnel at the earliest stages of claims, increasing accountability of claim management for claim denials and closures, and increasing claim staff training. Regulators will closely monitor UnumProvident's compliance activity and can impose additional penalties if the company fails to implement the changes required by the Settlement Agreement.

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