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ONE HUNDRED TENTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON OVERSIGHT AND GOVERNMENT REFORM

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WASHINGTON, DC 20515-6143

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October 10, 2008

Mr. Robert B. Pollock
President and CEO
Assurant
One Chase Manhattan Plaza
41st Floor
New York, NY 10005

Dear Mr. Pollock:

On July 17, 2008, the Oversight Committee held a hearing regarding business practices in the individual health insurance market. The hearing focused on the practice of rescission, the retroactive cancellation of insurance coverage after providers submit claims for medical services rendered.

To assist the Committee in its ongoing investigation into rescission practices in the individual health insurance market, I request that you provide the following information:

1. In which states have you (or your affiliates or subsidiaries) issued individual health insurance policies since January 1, 2003? Please identify the corporate entities in each state that issued such policies.
2. For each entity identified in response to question 1, please identify how many individual health insurance policies issued by the entity were in effect in each state for each calendar year from 2003 through 2007. In addition, please identify:
 - a. How many of these policies were short-term non-renewable policies (6 months or less) and how many were guaranteed renewable?
 - b. How many individuals (policyholders and dependents) were covered by these policies?
 - c. How many of these policies were newly-issued (i.e., purchased within the previous 12 months)?

3. Describe your process for initiating and conducting an investigation that can result in rescission of an individual health insurance policy, starting at the time a claim is submitted and ending with a decision (e.g., no action, claim denial, rescission). If the process varies by state, please provide information for each state. In addition, please:
 - a. Explain how an investigation is triggered and identify the criteria (e.g., medical condition, treatment, procedure, dollar amount of claim) used to determine which policyholders to investigate.
 - b. Explain whether you automatically pend claims when an investigation is initiated, and if so, which claims are pending.
 - c. Describe the steps taken during an investigation. Please include in your response:
 - i. The types of information you typically gather;
 - ii. The steps you take to determine the materiality of a misrepresentation;
 - iii. The steps you take to determine whether the policyholder committed fraud or intentionally misrepresented material facts; and
 - iv. The nature of the information you provide to the insured about an investigation and its findings.
4. Describe the standards you apply in deciding whether to rescind an individual health insurance policy. If the standards vary by state, please provide information for each state.
 - a. Is evidence of fraud or intentional misrepresentation required before a policy is rescinded?
 - b. Do you rescind policies based on misrepresentations unrelated to the claim or event that triggered the investigation?
 - c. Do you rescind coverage for all family members in a case in which only one family member materially misrepresented his or her health history? If your practice varies, identify the criteria used to determine which family members to rescind.
5. Please produce all written guidance related to misrepresentation investigations or rescissions, including training materials, manuals, instructions or other guidelines regarding whether and how to conduct an investigation and whether to rescind a policy.
6. For each calendar year from 2003 through 2007, please provide the following information for each state in which you issued individual health insurance policies:
 - a. How many first-year claims (those claims filed within one year of the effective date of the policy) did you receive?

- b. How many of these first-year claims did you refer for investigation?
 - c. How many of these investigations resulted in rescission?
 - d. How many of these investigations resulted in other outcomes, such as:
 - i. Cancellation of the policy;
 - ii. Reformation of the policy, such as the addition of a rider excluding coverage for certain conditions;
 - iii. Change in the premium, deductible, or other financial terms of the policy;
 - iv. Denial of the claim based upon a pre-existing condition;
 - v. No action taken.
7. For the five-year period from 2003 through 2007, identify the five types of medical claims that most often resulted in rescission of an individual health insurance policy. For each of these five types of claims, please provide the following information by year for each state:
- a. How many first-year claims did you receive?
 - b. How many of these first-year claims did you refer for investigation?
 - c. How many of these investigations resulted in rescission?
 - d. How many of these investigations resulted in other outcomes, such as:
 - i. Cancellation of the policy;
 - ii. Reformation of the policy, such as the addition of a rider excluding coverage for certain conditions;
 - iii. Change in the premium, deductible, or other financial terms of the policy;
 - iv. Denial of the claim based upon a pre-existing condition;
 - v. No action taken.
8. Please quantify the financial impact of rescissions in each state for each year from 2003 through 2007.
- a. What is the dollar amount of claims denied as a result of rescissions?
 - b. What is the dollar amount of future claims avoided as a result of rescissions?
 - c. What is the dollar amount you recouped from providers as a result of rescissions?

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9. Since 2003, has either the number of rescissions or the value of claims not paid as a result of rescissions been used as a factor in evaluating employee performance or calculating employee compensation (salary, bonus, etc.)?

In responding to these requests, please include information with respect to your company and any of its affiliates or subsidiaries that sold individual health insurance policies. Please limit responses only to major medical policies issued to individuals and not to other types of insurance policies, such as single disease insurance, hospital indemnity insurance, long-term care insurance, or disability insurance. Please include in your responses individually underwritten coverage sold by insurers to members of associations, such as the Federation of American Consumers and Travelers (FACT).

The Committee on Oversight and Government Reform is the principal oversight committee in the House of Representatives, with broad investigative jurisdiction as set forth in House Rule X. An attachment to this letter provides additional information about how to respond to the Committee's request.

Please provide the requested information by October 31, 2008. If you have any questions regarding this letter, please contact Sarah Despres or Andy Schneider of the Committee staff at (202) 225-5056. I appreciate your cooperation in this important matter.

Sincerely,



Henry A. Waxman
Chairman

Enclosure

cc: Tom Davis
Ranking Minority Member

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Responding to Oversight Committee Document Requests

In responding to the document request from the Committee on Oversight and Government Reform, please apply the instructions and definitions set forth below.

Instructions

1. In complying with the request, you should produce all responsive documents in your possession, custody, or control.
2. Documents responsive to the request should not be destroyed, modified, removed, transferred, or otherwise made inaccessible to the Committee.
3. In the event that any entity, organization, or individual denoted in the request has been, or is currently, known by any other name than that herein denoted, the request should be read also to include them under that alternative identification.
4. Each document produced should be produced in a form that renders the document capable of being copied.
5. When you produce documents, you should identify the paragraph or clause in the Committee's request to which the documents respond.
6. Documents produced in response to this request should be produced together with copies of file labels, dividers, or identifying markers with which they were associated when this request was issued. To the extent that documents were not stored with file labels, dividers, or identifying markers, they should be organized into separate folders by subject matter prior to production.
7. Each folder and box should be numbered, and a description of the contents of each folder and box, including the paragraph or clause of the request to which the documents are responsive, should be provided in an accompanying index.
8. It is not a proper basis to refuse to produce a document that any other person or entity also possesses a nonidentical or identical copy of the same document.

9. If any of the requested information is available in machine-readable or electronic form (such as on a computer server, hard drive, CD, DVD, memory stick, or computer backup tape), you should consult with Committee staff to determine the appropriate format in which to produce the information.
10. The Committee accepts electronic documents in lieu of paper productions. Documents produced in electronic format should be organized, identified, and indexed electronically in a manner comparable to the organizational structure called for in (6) and (7) above. Electronic document productions should be prepared according to the following standards:
 - (a) The production should consist of single page TIF files accompanied by a Concordance-format load file, an Opticon reference file, and a file defining the fields and character lengths of the load file.
 - (b) Document numbers in the load file should match document Bates Numbers and TIF file names.
 - (c) If the production is completed through a series of multiple partial productions, field names and file order in all load files should match.
11. In the event that a responsive document is withheld on any basis, you should provide the following information concerning the document: (a) the reason the document is not being produced; (b) the type of document; (c) the general subject matter; (d) the date, author, and addressee; and (e) the relationship of the author and addressee to each other.
12. If any document responsive to this request was, but no longer is, in your possession, custody, or control, you should identify the document (stating its date, author, subject, and recipients) and explain the circumstances by which the document ceased to be in your possession, custody, or control.
13. If a date or other descriptive detail set forth in this request referring to a document is inaccurate, but the actual date or other descriptive detail is known to you or is otherwise apparent from the context of the request, you should produce all documents which would be responsive as if the date or other descriptive detail were correct.
14. This request is continuing in nature and applies to any newly discovered document. Any document not produced because it has not been located or discovered by the return date should be produced immediately upon location or discovery subsequent thereto.
15. All documents should be bates-stamped sequentially and produced sequentially. In the cover letter, you should include a total page count for the entire production, including both hard copy and electronic documents.

16. Two sets of documents should be delivered, one set to the majority staff and one set to the minority staff. The majority set should be delivered to the majority staff in Room 2157 of the Rayburn House Office Building, and the minority set should be delivered to the minority staff in Room B350A in the Rayburn House Office Building. You should consult with committee staff regarding the method of delivery prior to sending any materials.
17. Upon completion of the document production, you should submit a written certification, signed by you or your counsel, stating that (1) a diligent search has been completed of all documents in your possession, custody, or control which reasonably could contain responsive documents; and (2) all documents located during the search that are responsive have been produced to the Committee or identified in a privilege log provided to the Committee.

Definitions

1. The term “document” means any written, recorded, or graphic matter of any nature whatsoever, regardless of how recorded, and whether original or copy, including, but not limited to, the following: memoranda, reports, expense reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, interoffice and intra-office communications, electronic mail (email), contracts, cables, notations of any type of conversation, telephone calls, meetings or other communications, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, and work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes, and amendments of any of the foregoing, as well as any attachments or appendices thereto). The term also means any graphic or oral records or representations of any kind (including without limitation, photographs, charts, graphs, voice mails, microfiche, microfilm, videotape, recordings and motion pictures), electronic and mechanical records or representations of any kind (including, without limitation, tapes, cassettes, disks, computer server files, computer hard drive files, CDs, DVDs, memory sticks, and recordings), and other written, printed, typed, or other graphic or recorded matter of any kind or nature, however produced or reproduced, and whether preserved in writing, film, tape, disk videotape or otherwise. A document bearing any notation not a part of the original text is to be considered a separate document. A draft or non-identical copy is a separate document within the meaning of this term.
2. The term “documents in your possession, custody, or control” means (a) documents that are in your possession, custody, or control, whether held by you or your past or present agents, employees, or representatives acting on your behalf; (b) documents that you have a legal right to obtain, that you have a right to copy, or to which you have access and (c) documents that you have placed in the temporary possession, custody, or control of any third party.
3. The term “communication” means each manner of means of disclosure or exchange of information, regardless of means utilized, where oral, electronic by document or otherwise, and whether fact-to-face, in a meeting, by telephone, mail, telexes, discussions, releases, personal delivery, or otherwise.
4. The terms “and” and “or” shall be construed broadly and either conjunctively or disjunctively to bring within the scope of the request any information which might otherwise be construed to be outside its scope. The singular includes plural number, and vice versa. The masculine includes the feminine and neuter genders.
5. The terms “person” or “persons” means natural persons, firms, partnerships, associations, corporations, subsidiaries, division, departments, joint ventures,

proprietorships, syndicates, or other legal, business or government entities, and all subsidiaries, affiliates, divisions, departments, branches, and other units thereof.

6. The terms “referring” or “relating,” with respect to any given subject, means anything that constitutes, contains, embodies, reflects, identifies, states, refers to, deals with, or is in any manner whatsoever pertinent to that subject.