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## **Disabled Oregonians Get Second Chance With UNUM ABSTRACT**

About 2,050 Oregonians whose disability claims were denied have a second chance to collect those benefits under a nationwide settlement with UnumProvident Corp. and its subsidiaries. However, but only part of that group will be officially notified of the opportunity.

“The portion who filed claims between Jan. 1, 1997 and Dec. 31, 1999 will unfortunately not get any formal notice of this opportunity,” said Frank Darras, a disability attorney with Shernoff, Bidart & Darras LLP in Claremont, Calif. “They have 180 days from [when the deal is finalized] to notify UnumProvident that they want to get included in the reassessment process. If they don’t ask to be included, they won’t be included.”

“Individuals whose claims were denied or terminated after 2000 will receive notice via mail of the opportunity for claims re-evaluation. After receiving the letter, relevant documents must be completed and mailed within 60 days,” Darras said.

This second chance for disability claimants stems from the settlement of a multi-state investigation of Chattanooga, Tennessee-based UnumProvident Corp., and its five subsidiaries, including Unum Life Insurance Company of America, the Paul Revere Life Insurance Company, Provident Life and Casualty Insurance Company and Accident Insurance Company and First Unum Life Insurance Company.

The investigation, with 46 participating states, centered around assertions that UnumProvident and its subsidiaries improperly denied claims for benefits under individual and group long-term disability insurance policies. The proposed settlement will go into effect once approved by UnumProvident, the three lead states in the investigation Tennessee, Massachusetts and Maine, the U.S. Department of Labor and two-thirds of participating states.

“I think there won’t be a problem getting the majority of states on board,” said John Piper, spokesman for Oregon Insurance Division. “Its a good example of cooperation among the states.”

Announced Nov. 18, the tentative settlement requires Unum Provident to pay \$15 million in fines, to reassess 215,000 previously denied claims and to overhaul its claims administration process.

Unum Provident officials estimate the company will also pay \$100 million in restitution to policyholders and to restructure its internal procedures and improve internal monitoring.

If approved, Oregon’s general fund will receive a \$106,000 portion of the \$15 million fine, and wrongly denied Oregon claimants may receive additional dollars.

The three-year investigation revealed the companies relied excessively on in-house medical staff, which often overrode the advice of patients’ own doctors to support the denial, termination, or reduction of benefits. It also found the companies inappropriately interpreted independent medical examiner reports, failed to properly evaluate the totality of claimants’ medical conditions and put an inappropriate burden on claimants to justify eligibility for benefits.

The settlement mandates a litany of changes Unum Provident and its subsidiaries must make, threatening fines of \$100,000 per day if timely changes are not made, and a penalty of \$145 million if it fails to be more accurate in making disability claims determinations.

For one, the company must give significant weight to a claim if an individual receives Social Security disability payments, meaning the claimant has met the government's standard for disability.

How UnumProvident's claims handlers weigh physicians' opinions will also change.

"In the past, it seems that many times the in-house doctors' decisions at UnumProvident ruled the day. Under the new agreement, the treating doctor's opinion must be weighted equally," Darras said.

In addition, the insurance carrier must use independent medical examiners that are not financially biased, re-training its employees and consider individuals' co-morbid, or co-existing conditions together, using information about all illnesses to make its decision.

Darras thinks the settlement is likely to have a ripple effect in the industry, prompting other disability insurers to examine their own practices. But Jeff Hallin, director of investor relations for StanCorp Financial Group, was quick to draw a distinction between the two company's practices. Portland based StanCorp (NASDAQ: SFG) also sells disability insurance. "The interest of our customer is always our primary concern in claims management. That's not how we conduct our business here," Hallin said. "We have to convey the message that we are confident in our own claims processes and in the ethics of our employees," he added.