



STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

Stephen W. Robertson, Commissioner

July 26, 2011

Via Email to MLRAdjustments@hhs.gov

United States Centers for Medicare & Medicaid Services

Attn: Gary Cohen

Acting Director, Office of Oversight

200 Independence Avenue, S.W.

Washington, D.C. 20201

Re: Indiana's Request for Adjustment to Medical Loss Ratio Standard

Dear Director Cohen,

On behalf of the Indiana Department of Insurance (IDOI) and the State of Indiana, I write in response to your request for clarification regarding our application for an adjustment to the medical loss ratio (MLR) standard for the Indiana individual health insurance market. In the interest of aiding the Secretary in making a fully informed assessment and determination of our application, we have included your questions from your request for clarification letter dated June 14, 2011. Under each re-printed question, we have outlined our response.

- 1. Title 45 CFR § 158.343 provides that any State that submits a request for adjustment to the MLR standard may hold a public hearing with respect to its application. Please indicate whether the IDOI has provided a forum for public input regarding the IDOI's application for an adjustment to the MLR standard. Please provide copies of any public input that the IDOI has received regarding its MLR standard adjustment request.**

IDOI is dedicated to maintaining transparency and granting public access to its regulatory decisions as permitted under Indiana law. As is such, we posted our application letter sent to Secretary Sebelius on May 13, 2011 to our home web pages located at <http://www.in.gov/idoi/> and <http://www.in.gov/aca>. Also included on this site is our contact e-mail and link to direct telephone numbers. In the months since posting: the letter; the press release regarding our application for a waiver from the MLR standard; the details and summary; no comments have been received by IDOI related to our application. Further, IDOI understands that the website for the Center for Consumer Information and Insurance Oversight (CCIIO) also allows for public commentary on Indiana's application once the application is deemed complete. IDOI will be responding to CCIIO's separate June 13 letter requesting additional information shortly and trusts that Indiana's application will be deemed complete at that time. IDOI looks forward to

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

MEDICAL MALPRACTICE
(317) 232-2402

SECURITIES / COMPANY RECORDS
(317) 232-1991

receiving public commentary on the completed application. Beyond these two noted instruments for public viewing, no further public hearings or forums have been held.

- 2. Page 1 of the IDOI's application states that "Indiana has a robust individual health insurance market with more than 60 carriers actively marketing and writing business", and that "All but five are smaller carriers, many of which are domestic to Indiana or have a physical presence within Indiana." Please confirm that the five large issuers to which the IDOI refers are (1) Anthem, (2) Golden Rule, (3) Time, (4) United Health Care, and (5) Mega. Please also confirm that it is correct that Humana is the sixth largest issuer in the Indiana individual health insurance market.**

Through additional investigation undertaken since submission of the application, IDOI has learned that the MEGA Life and Health Insurance Company stopped actively marketing health benefit plans in Indiana on June 7, 2010. Further, IDOI was made aware that Golden Rule, which is a subsidiary of UnitedHealthcare (UHC), only writes individual major medical business in Indiana through their UnitedHealthcare operation. Without specific training on a uniform approach to filing the Supplemental Health Care Exhibits (SHCEs), carriers' methods for completing their SHCEs understandably varied greatly. IDOI has spent a significant amount of time evaluating the 2010 SHCEs, and our data is dependent upon the accuracy of these Supplemental Exhibits. Therefore, the five largest issuers in the Indiana individual health insurance market are (1) Anthem, (2) Golden Rule, (3) Time, (4) Humana and (5) American Medical Security with Consumers Life occupying the sixth position.

- 3. Page 1 of the IDOI's application indicates that the IDOI's application is based upon information obtained from both the Supplemental Exhibits filed with issuers' annual filings to the IDOI as well as information provided by a sampling of 13 issuers offering coverage in Indiana. Please identify what the Supplemental Exhibits are to which the IDOI was referring, and for which years. Please also identify the 13 issuers who provided information through the sampling and the kind of information they provided that the IDOI used in its application.**

On March 23, 2010, the President signed into law the Patient Protection and Affordable Care Act (PPACA). The Supplemental Health Care Exhibit was developed as a result of the passage of PPACA, as mandated by the Federal Register 45 CFR Part 158 released on December 1, 2010. It is said Supplemental Exhibits from 2010 to which the IDOI is referring in its application letter.

Further, in September 2010 IDOI collected information from 13 issuers in a blind informal survey. Each issuer was assigned a number from 1 to 13 by which they were known throughout the sampling. In the interest of protecting identity and encouraging a free-flow of information, IDOI did not collect the carriers' names. For information provided from these carriers, please see IDOI's response to request #5.

- 4. Page 4 of the IDOI's application states that "Those carriers with a large number of CDHPs on their books will be at a competitive disadvantage compared with those carriers that do not." For each issuer offering coverage in the Indiana individual health insurance market, please provide the number of CDHP enrollees the issuer has in that market.**

To compile a survey of all carriers offering CDHPs is overly burdensome for a team tasked with implementing the above mentioned PPACA law for the state of Indiana. However, we would like to draw attention to America's Health Insurance Plans January 2011 Census¹, which provides that Indiana has the sixth highest percentage of CDHP enrollment. This accounts for 10.6 percent of total enrollment in private health insurance (under age 65), or 384,772 covered lives.

- 5. Page 6 of the IDOI's application states that "carriers, particularly smaller local and in many cases provider owned carriers, need time to adjust their pricing" and that "information IDOI has received from carriers indicates that many will discontinue sales activities in hopes of minimizing the risk of not meeting MLR requirements, which destabilizes the market by providing fewer choices." Please identify the issuers that the IDOI is concerned will likely discontinue sales activities in the Indiana individual health insurance market in hopes of minimizing the risk of not meeting the MLR requirement for that market.**

In a letter sent to the Commissioner of IDOI on November 22, 2010, American Enterprise Group relays their anticipation of significant disruption to the individual health market and to their company—specifically the cessation of new business sales and the future existence of that line of business, resulting in disruption for employees and customers—as a direct result of the MLR requirement outlined in PPACA. See Exhibit A.

Further, in the survey results discussed in request #3, IDOI received comments on several carriers' concerns of withdrawing from the individual health insurance market. Following are comments from Insurers #4 and #11 respectively:

"Continuing to issue significant amounts of newly underwritten policies over the next few years from 2011 to 2013 will only make it more difficult for us to achieve an 80 percent annual MLR across our block of individual medical business. This could serve as an incentive for us and other carriers who remain in the individual market to minimize [our] marketing activity prior to 2014, creating a potential lack of product availability for Indiana consumers over the next few years."

"Applying an 80 percent MLR requirement to existing individual business that had originally been priced under lower MLR expectations will most likely result in losses on this business, with little or no ability to recover those losses. Materially reducing the administrative (non-claims) costs associated with existing business in order to reduce financial losses is unlikely to be feasible."

¹ <http://www.ahipresearch.org/pdfs/HSA2011.pdf>

- 6. Page 6 of the IDOI's application states that "new nonprofit carriers, newer companies and new products will face significant if not impossible obstacles to enter the market" during 2011 through 2013 because they lack large blocks of older business. Please provide the IDOI's assessment of why 45 CFR § 158.121, the provision of the MLR regulation dealing with newer experience, does not adequately address this problem.**

IDOI believes that the intention behind 45 CFR § 158.121 is correct, in that there is an allowance for issuers with less than twelve months of experience to defer MLR reporting for one year. However, IDOI contends that whereby one year is not a sufficient deferment period, three years would allow issuers in the individual market adequate time to stabilize and produce 80 percent MLRs. Pricing for individual products has traditionally been done on a lifetime basis, unlike products in the small and large group. Due to policy underwriting at issuance (but not thereafter), the expected loss ratios of individual businesses are typically low in the early policy durations relative to the later durations. This is demonstrated in a sample chart created by the American Academy of Actuaries (AAA), whereby MLR for an individual product was 49 percent after one year, yet 81 percent after three years. Further, AAA notes, "the average length of time that people keep individual coverage in the current market appears to be around three years. Because of the pricing pattern required by these situations, the lifetime loss ratio is not met until product maturity has been achieved []. An annual MLR calculation does not account for this pricing pattern."²

- 7. Footnote 6 on page 7 of the IDOI's application makes reference to information provided in the "Medical Supplement to the Annual Financial Filings," noting that based on such information "Anthem Insurance Inc. has approximately 65% of the market in Indiana in the individual market with the closest competitor Golden Rule Insurance possessing approximately 10% of the market." Please provide a copy of the "Medical Supplement to the Annual Financial Filings" to which the footnote refers for each issuer with more than 1,000 covered lives in Indiana's individual market.**

As the NAIC granted the United States Department of Health and Human Services (HHS) access to the Supplemental Health Care Exhibit (SHCE) data via compact discs (cd) in April of 2011, IDOI finds it duplicative to provide documentation already accessible by the requesting party.

- 8. Page 8 of the IDOI's application indicates that most issuers offering coverage in the Indiana individual health insurance market "are in good financial health." Please identify any issuer offering coverage in that market that the IDOI does not view as being in such a state and explain the reason(s) for this assessment.**

To date, IDOI is aware of no issuers actively marketing individual health products in Indiana that are in poor financial health.

² Re: *Medical Loss Ratios—Request for Comments Regarding Section 2718 of the Public Health Service Act*. American Academy of Actuaries. May 2010. http://www.actuary.org/pdf/health/aaa_mlr_rfi_response_051410_final.pdf.

- 9. Page 12 of the IDOI’s application states that “The per-enrollee costs of claims administration and policy administration are higher for individual policies relative to group prices (expressed as a percentage of premiums).” Please provide any data readily available to the IDOI regarding what the per-enrollee costs of claims administration and policy administration are for individual policies in Indiana.**

Indiana has not historically collected data to that detail regarding per-enrollee administrative expenses. The only data available is gleaned from the 2010 SHCEs. However, IDOI’s statement that per-enrollee costs of claims administration and policy administration are higher for individual policies relative to group prices is based on knowledge widely accepted by insurers and regulators, the concept of which is supported by the Congressional Budget Office and the Congressional Research Service below:

“Another factor affecting the level of premiums is the cost of administering a health plan. Some administrative costs (such as those for customer service) vary with the number of enrollees in a plan, but others (such as those for sales and marketing efforts) are more fixed—that is, those costs are similar whether a policy covers 100 enrollees or 100,000. As a result of those economies of scale, the average share of the policy premium that covers administrative costs varies from about 7 percent for employment-based plans with 1,000 or more enrollees to nearly 30 percent for policies purchased by very small firms and by individuals.”³

“Administrative expenses have been found to vary by market segment, with non-group insurance costing the highest and large group the lowest []. This is attributable to factors such as enrollment size (non-group enrollment typically is smaller, thus there are fewer persons to spread the costs around to). While group plans can sell to a few individuals (usually an employer’s human resources department), non-group insurance must be sold one-by-one to each person, thus increasing marketing and sales costs.”⁴

- 10. Pages 12-13 of the IDOI’s application states that five issuers have already left the Indiana individual health insurance market because of the Affordable Care Act’s 80 percent MLR standard. Please identify the five issuers and state, for each of them, (a) when the issuer left the market, (b) the number of enrollees the issuer had in the Indiana individual health insurance market when the issuer announced it was going to leave that market, and (c) what the issuer said, provided, or did that led the IDOI to conclude that the issuer was leaving the Indiana individual health insurance market because of the Affordable Care Act’s 80 percent MLR standard.**

The five issuers noted in Indiana’s application are respectively: (1) Pekin Insurance on July 29, 2010; (2) American Community Mutual Insurance Company on October 21, 2010; (3) CIGNA on November 12, 2010; (4) Guardian Life Insurance Company of America on January 25, 2011; and (5) Aetna on April 29, 2011⁵.

³ <http://www.cbo.gov/ftpdocs/99xx/doc9924/Chapter3.7.1.shtml>.

⁴ <http://healthreformgps.org/wp-content/uploads/CRS-Report-on-Health-Insurance-Premiums-and-Rate-Reviews.pdf>.

⁵ Originally, IDOI counted Principal Life Insurance Company’s withdrawal from the market on October 25, 2010.

Subsequent information indicates that Principal never actively marketed in the individual market and only withdrew from group medical markets.

Further, IDOI does not speculate business intention; rather, we are simply reacting to the condition of Indiana's insurance market. In an effort to avoid paraphrasing, the notice of withdrawal from each of these carriers is enclosed for your reference in Exhibit B. To truly understand the motives of issuers that exited Indiana's individual health insurance market, HHS would be best served by engaging in discussion with the insurers themselves.

11. Page 13 of the IDOI application states that "Indiana has received letters from carriers warning that a withdrawal from the individual health insurance market could be imminent because of this MLR regulation." Please identify these issuers and provide copies of these letters.

In addition to the carrier comments provided in request #5, please see Exhibit A.

12. Page 13 of the IDOI application states that the IDOI "has received notices that some carriers may withdraw from the health insurance market altogether." Please identify these issuers and provide copies of these letters."

Please see IDOI's response to request #5.

13. Page 14 of the IDOI's application states that "To date, at least five carriers have withdrawn from the Indiana individual major medical health insurance market since ACA was enacted, totaling just fewer than 3,500 policies or more than 20,000 total covered lives (small group and individual)." Please identify any issuer who has withdrawn from the Indiana individual major medical health insurance market since the Affordable Care Act was enacted who the IDOI does not already list in its response to our request #10, above, and state for each such issuer (a) when the issuer left the market, (b) the number of enrollees the issuer had in the Indiana individual health insurance market when the issuer announced that it was going to leave that market, and (c) what the issuer said, provided, or did that led the IDOI to conclude that the issuer was leaving the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.

The response provided in request #10 is comprehensive of the list of issuers who have withdrawn from the Indiana individual major medical health insurance market.

14. Page 14 of the IDOI's application states that "Currently, another carrier with approximately 1,165 total lives covered is closely contemplating a withdrawal from Indiana's market." Please (a) identify the issuer, (b) confirm the accuracy of the SHCE individual covered lives figure for 2010 for that issuer appearing in the 3-page attachment to the IDOI's application entitled "Indiana Department of Insurance Estimated Rebate for SHCE Filers," and (c) describe what the issuer has said, provided, or done that had led the IDOI to conclude that the issuer is closely contemplating leaving the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.

(a) The issuer in question was Aetna. Since submission of our initial application for an MLR adjustment, IDOI approved Aetna's withdrawal plan on May 20, 2011.

- (b) Aetna's SHCE reported 1,289 covered lives as of December 31, 2010. IDOI's information was obtained subsequent to this and is consistent with the attrition expected during a company's withdrawal from the market.
- (c) IDOI's conclusion on page 14 of its application is misstated above. The exact quote reads:

"To date, at least five carriers have withdrawn from the Indiana individual major medical health insurance market since ACA was enacted, totaling just fewer than 3,500 policies or more than 20,000 total covered lives (small group and individual). Currently, another carrier with approximately 1,165 total lives covered is closely contemplating a withdrawal from Indiana's market."

We refer you to Exhibit B and our response to request #10.

- 15. The IDOI press release announcing the filing of its application states that the Accountable Care Act's 80 percent MLR standard had led to "nearly 10% of the insurers fleeing the Indiana individual market." Please identify any issuers, in addition to the five referenced on pages 12-13 of the IDOI's application, that left the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard. Please also describe, for any issuer other than the five referenced on page 12-13 of the IDOI's application, what the issuer said, provided, or did that led the IDOI to conclude that the issuer left the Indiana individual health insurance market because of the Affordable Care Act's 80 percent MLR standard.**

At this time, the IDOI has exhausted its list of insurers that have already exited or warned of exiting the Indiana individual health insurance market. IDOI continues to monitor and evaluate Indiana's insurance market through discussion with consumers, businesses, agents and carriers and reserves the right to update any information as new facts or clarifications arise. Further, IDOI's press release regarding the MLR application did not refer to the Accountable Care Act, but rather the Affordable Care Act.

IDOI trusts that HHS will find this requested clarification pertinent to making an informed determination of Indiana's application for an adjustment to the MLR in the individual market. Please contact Logan P. Harrison at (317) 234-7734 or lharrison@idoi.in.gov for any further questions. Thank you for your time and consideration to these matters.

Sincerely,



Robyn S. Crosson
Chief Deputy Commissioner,
Company Compliance

Exhibit A



AmericanEnterprise

GROUP INC.

Michael E. Abbott
President, Chief Executive Officer

Tel (515) 245-2152 Fax (515) 245-2305
601 6th Avenue, Des Moines, IA 50309
mike.abbott@americanenterprise.com

November 22, 2010

The Honorable Stephen W. Robertson
Commissioner of Insurance
State of Indiana
Department of Insurance
311 W. Washington Street
Suite 300
Indianapolis, IN 46204-2787

Dear Commissioner Robertson:

I am writing to discuss the consequence of imposing a medical loss ratio (MLR) prior to guaranteed issue and the availability of exchanges in 2014. Specifically, American Enterprise, on behalf of our insurance companies American Republic Insurance Company and World Insurance Company request that you apply for a waiver of this MLR requirement for your state as contemplated under the Patient Protection and Affordable Care Act (PPACA). If this requirement is imposed in 2011, we anticipate significant disruption to the individual health market and to our company—specifically the cessation of new business sales and the future existence of that line of business, resulting in disruption for our employees and customers.

As you know, an 80 percent loss ratio indicates the insurer is using the remaining 20 cents of each premium dollar to pay expenses that do not directly benefit policyholders, such as advertising, insurance operations, salaries and profits. Commissions for the specialized services agents provide to their clients are not considered to be an expense that directly benefits policyholders and, therefore, must also be paid out of that 20 cents. This is a critical issue for individual health insurance companies such as ours who market individual products through brokers and agents, and have commission contracts in place on existing business.

In addition, the new law stipulates the MLR is applicable to all existing individual health business, regardless of contract commitments already in place, rather than only on new business issued after the MLR effective date. We have offered rate guarantees up to three years on our products to give customers more predictability in their rates. On existing contracts with rate guarantees, there is no ability before the end of the guarantee period, to adjust the premium consistent with imposed processes and benefits. These factors make this issue even more serious for American Republic and World Insurance Company and our industry peers with these same types of commitments.

The Honorable Stephen W. Robertson

Page 2

November 22, 2010

The imposition of the MLR requirement effective January 1, 2011, would be disastrous to many individual health insurance companies, their customers, and their employees. Some companies have already announced they are exiting the market; others are considering cancelling blocks of individual health business. Without relief more companies will be forced to follow, leaving individuals with pre-existing conditions without coverage until 2014 when guaranteed issue and the exchanges take effect. By deferring the effective date to 2014, insurance companies will have the opportunity to renegotiate commission contracts, adjust pricing, modify existing products to comply with the new laws and regulations, and generally prepare to compete in the new environment. And most importantly, it lessens the disruption to the public until the safety net is in place in 2014.

We would be happy to provide additional information about our analysis of the impact of this part of the legislation on our business. We would prefer a solution via federal regulation that would assist us across all our markets. However, without that we need your help to allow us to make the transition in Indiana to the new selling and business model that will be in place in 2014.

Sincerely,



Michael E. Abbott
President

MEA/meh

Exhibit B



2505 Court Street • Pekin, Illinois 61558
(309) 346-1161 • www.pekininsurance.com

RECEIVED

AUG 12 2010

STATE OF INDIANA
DEPT. OF INSURANCE

July 29, 2010

Indiana Department of Insurance
311 West Washington Street Suite 300
Indianapolis IN 46204

Dear Sir,

Please accept this letter as notice of our intention to withdraw from the Individual Major Medical business.

Our intention is to cease new sales of policy forms H38, H39, and H41.

As of today's date, we have not reached a decision regarding existing business. Existing policies will be serviced as usual until further notice. Should anything change, we will notify you.

Our intention is to continue offering Short-Term Major Medical, Medicare and Small Group.

Feel free to contact us if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Scott A. Martin". The signature is written in a cursive style.

Scott A. Martin, FLMI
President/Life and
Chief Operating Officer/Pekin Insurance Companies

SAM/ssw



AMERICAN COMMUNITY
MUTUAL INSURANCE COMPANY®

RECEIVED

October 21, 2010

OCT 22 2010

Commissioner Carol Cutter
Indiana Department of Insurance
311 West Washington Street, Ste 300
Indianapolis, IN 46204-2787

STATE OF INDIANA
DEPT. OF INSURANCE

Re: Withdrawal of Coverage in the Individual Health Market

Dear Commissioner Cutter:

Please let this correspondence serve as notice that American Community Mutual Insurance Company (ACM) intends to withdraw from the Individual health insurance market in Indiana and terminate coverage as permitted by federal and state law. Please note that only medical and prescription drug coverage will be terminated. Ancillary coverage (i.e. dental, vision etc . . .) has been transitioned to Security Life Insurance Company of America.

As you may know, an order of rehabilitation of ACM was entered on April 8, 2010. This action is necessary due to ACM's loss experience in its business.

ACM will be mailing notices to all policyholders and dependents on or about October 29, 2010 which will indicate that coverage for their policy will terminate in 180 days.

As of August 31, 2010, ACM had 2172 Individual policies in Indiana. It is expected that the number of policyholders affected by this action will be less than these amounts since ACM's enrollment has declined significantly in recent months and ACM expects this trend to continue before the mailing of notices is implemented.

ACM is currently in discussions with Golden Rule Insurance Company and expects that it will reiterate its previous offer to issue guaranteed coverage to Individual policyholders without underwriting, at the

39201 Seven Mile Road, Livonia, Michigan 48152-1094
(800) 991-2642 (734) 591-9000
www.american-community.com

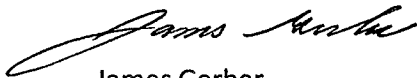
standard rate, and with no exclusion for pre-existing conditions. This offering would not be made to insureds who are age 65 or older (since offering coverage that would duplicate benefits under Medicare is illegal) or those insureds who reside in states where Golden Rule does not have any products available¹.

A sample copy of the letter to be sent out is enclosed with this correspondence. The letter to policyholders and dependents assumes that Golden Rule will make an offer of guaranteed coverage to covered individuals. If this does not occur, the reference to Golden Rule will be removed.

Please note that ACM will be withdrawing from the Individual and Small Group markets in the following states: Arizona, Illinois, Iowa, Missouri, Nebraska and Ohio. ACM is also withdrawing from the Individual market in Arkansas, Indiana, Michigan, Oklahoma, South Carolina, Tennessee, Texas and Wisconsin. There is the possibility that some covered individuals with policies from those states may be residing in Indiana. We believe this would involve a small amount of covered individuals.

Should you have any questions or concerns do not hesitate to contact me at 734-591-8103.

Sincerely,



James Gerber
Special Deputy Rehabilitator

Enclosure

¹ Golden Rule does not offer insurance products in the following states: California, Hawaii, Idaho, Maine, Massachusetts, Minnesota, Montana, New Hampshire, New York, North Dakota, Oregon, Rhode Island, Utah, Vermont and Washington.

Robyn D. Marino
Counsel
Legal & Public Affairs



RECEIVED

NOV 16 2010

STATE OF INDIANA
DEPT OF INSURANCE

November 12, 2010

Routing TL16I
1601 Chestnut Street
Philadelphia, PA 19192
Telephone 215.761.1226
Facsimile 215.761.5715
robyn.marino@cigna.com

VIA CERTIFIED MAIL, R.R.R.

Stephen Robertson, Commissioner
Indiana Department of Insurance
311 West Washington Street
Suite 300
Indianapolis, IN 46204

**RE: Notification of Product Withdrawal
Blanket Student Accident and Sickness Policy
Approved: 12/3/08**

Dear Commissioner Robertson:

Please accept this letter as formal notification of our intent to withdraw the above-captioned product offering in your state. After performing a thorough review of our product portfolio, we determined that this product does not fit within our strategy for the future. We are confirming that we currently have no active business in your state relating to this product. We request that the date of discontinuance be effective as of the date of this letter. Thanking you in advance, please feel free to contact me should you have any questions or concerns.

Sincerely,

Robyn Marino

GUARDIAN

RECEIVED

FEB 02 2011

STATE OF INDIANA
DEPT. OF INSURANCE

By Certified Mail – Return Receipt Requested

January 25, 2011

Commissioner Stephen Robertson
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, IN 46201-2787

**Re: Guardian Life Insurance Company of America, NAIC # 64246,
Withdrawal from the Medical Insurance Market**

Please be advised that Guardian Life Insurance Company of America (“Guardian”) intends to withdraw from the medical market in all states, including Indiana. This decision is part of a broad strategic shift concerning Guardian’s group business, reflecting our lack of a competitive product and the associated long-term decline in Guardian’s medical business, and is in no way related to health care reform. We will continue to offer our core products and services, including dental, vision, critical illness, disability income, life, annuities and retirement services. For your information, enclosed is *The Guardian Life Insurance Company of America Medical Withdrawal Plan*, which was submitted to our domicile state regulator, the New York Insurance Department, in December 2010 and describes our plan in all applicable states. We are notifying all impacted states contemporaneously with this notice. Please note that our records indicate that our current membership in Indiana is as follows:

Group Employers: 0
Group Employees: 0
Individual Health Conversion Policies: 0
Individual Guardian Medical Policies: 1
Individual medical Berkshire Policies: 0

Guardian has contracted with UnitedHealthcare to offer all existing group employers and individual policyholders substantially similar medical products prior to their last day of Guardian medical coverage. Furthermore, Guardian will issue policyholder and member, as applicable, one hundred and eighty day non-renewal notices, consistent with state law, on or about March 1, 2011, with the first non-renewals being effective September 1, 2011. Enclosed please find copies of the subject letters. Finally, Guardian will observe the five-year mandatory medical lock-out period.

As we have no small groups in Indiana, the 27-8-15-20 one year notice provision is not applicable. Should you have any questions or comments, please do not hesitate to contact Tess Leopold at 212-598-1923, email tess_leopold@glc.com or me at 212-919-3915, email john_dolan@glc.com.

Sincerely,


John A. Dolan

Enc.



Aetna
8249 Forest Hills Blvd.
Dallas, TX 75218-4410

Gerald W. Connor
Regional General Counsel
Mid-America Region
Law & Regulatory Affairs
214 – 660-2106
860 – 907-3749 FAX

SENT VIA E-MAIL

April 29, 2011

Steve Robertson, Commissioner
Indiana Department of Insurance
311 West Washington St., Suite 300
Indianapolis, IN 46204
srobertson@idoi.in.gov

RE: Withdrawal from the Individual Market

Dear Commissioner Robertson:

Aetna Life Insurance Company gives this notice of its intent to withdrawal from the individual market in Indiana. Our withdrawal does not include conversion policies and does not include association group coverage of individual association members.

We intend to send notices to current individual policy holders on or before June 1, 2011, informing them of our withdrawal from the market. On December 1, 2011 we intend to cancel all individual policies then in effect.

We have ceased issuing new policies and are informing pending applicants for coverage and their brokers, that we are closing their applications and not issuing coverage. However, we will extend coverage to new dependents of existing policy holders so long as their policies are in effect.

Very truly yours,

Gerald W. Connor

Gerald W. Connor

CC: Robyn Crosson, Chief Deputy Commissioner, rcrosson@idoi.in.gov
Steven Sliga
Elena Butkus