

Los Angeles Times, December 21, 2004

**CALIFORNIA
Garamendi Rejects UnumProvident Deal**

By Lisa Girion, Times Staff Writer

California Insurance Commissioner John Garamendi said Tuesday that a settlement requiring UnumProvident Corp. to reopen 215,000 closed and denied disability insurance claims was a bad deal for policyholders in the state.

Although at least 40 states have agreed to the deal with the nation's top disability insurer, Garamendi said he rejected it because "there are significant shortcomings."

Garamendi said he was pursuing a separate deal on behalf of California policyholders.

The multi-state settlement requires UnumProvident and some subsidiaries to notify affected policyholders within 15 days that claims denied or closed since Jan. 1, 2000, can be reassessed. The settlement provides for a \$145-million fine if the company fails to meet the terms. It also fines Unum \$15 million.

Ray Bourhis, a San Francisco lawyer who has won several multimillion-dollar verdicts and settlements against Unum for individual policyholders, cheered Garamendi for rejecting what he called "one of the worst settlements I've seen in 30 years of litigation ... a slap on the wrist."

Bourhis said the settlement was flawed in a number of ways. One problem, he said, was that it put Unum in charge of reassessing denied claims without third-party oversight. In addition, he said, it allowed for only denied claims to be reopened.

"They don't have to reopen underpaid claims, so all of those people who got 20 cents on the dollar and went away or else they'd be bankrupt don't have a remedy," Bourhis said.

UnumProvident could not be reached for comment.

The investigation began last year after customer complaints.

Although Garamendi and his Montana counterpart chose not to approve the deal, individual policyholders are not affected by those decisions and could receive notice that they are eligible to have claims reexamined.

California Insurance Department officials said policyholders who receive notice of the multi-state settlement should respond within the time indicated. Garamendi said he was seeking better terms than the settlement provided.

"California policyholders will have at least [what the multi-state settlement provides] and, when we finish, they will have a whole lot more," Garamendi said.