

Frequently Asked Questions

What happened to Benicorp Insurance Company?

After extensive efforts to sell Benicorp Insurance Company (Benicorp), the company was ordered into Rehabilitation on August 9, 2007 and then into Liquidation on October 5, 2007, by the Marion County Circuit Court in response to a petition by the Indiana Department of Insurance (IDOI). The department took action after determining that Benicorp did not have adequate capital reserves to meet its ongoing obligations to policyholders.

The Order of Liquidation, entered on October 5, 2007 found Benicorp Insurance Company to be insolvent. Insurance Commissioner, Jim Atterholt, was appointed as Liquidator of Benicorp. Indiana Commissioner of Insurance Jim Atterholt has appointed Randy Lamberjack, president of Noble Consulting Services Inc., to oversee the liquidation process. He is assisted by Fred Greve of Indiana Insolvency, Inc.

Premiums are still being collected, and claims are still being processed and paid. Unfortunately, there has been a delay in some of the medical claim processing.

Please refer to the Benicorp web site to review important messages from the Department of Insurance including the press release.

What will happen to Benicorp policyholders?

The IDOI developed a plan under which most Benicorp policyholders had the opportunity to transfer their coverage from Benicorp under a guaranteed proposal option to UnitedHealthcare, a well-respected, well-known, and financially sound insurer. This well-planned transfer was intended to provide peace of mind to Benicorp policyholders, as well as to the health-care providers that serve them and to ensure that there were no gaps in health insurance coverage. The guaranteed option with UnitedHealthcare was time sensitive and required acceptance of a proposal by October 1, 2007. Policyholders had and still have the right to transfer coverage to any insurance carrier of their choice. All insurance will be offered using the United Healthcare rates and forms. Most likely, an increase in premium will be experienced as Benicorp rates were for the most part below market rates. If a group choose United Healthcare, every effort was made to match benefit plans and options to the largest extent possible. However, other options are available and plans can be tailored to the insured's' needs based on price or options selected. For more information about United Healthcare, please visit the Web site at www.unitedhealthcare.com.

With the company in liquidation, any remaining policies not transferred to a new carrier will be administered by each state life and health insurance guaranty associations, subject to their statutory caps and limitations (see below for more about guaranty associations). These policies will be subject to cancellation provisions by the guaranty associations as allowed by their individual state statutes. Cancellation notices have been mailed to remaining in-force groups on behalf of the guaranty associations on October 12, 2007. Termination dates will be effective December 1, 2007 unless terminated earlier for nonpayment of premium or the group transfers coverage earlier.

In addition, again subject to the various guaranty association state statutes, all covered unpaid health claims as of the date of liquidation will be the responsibility of and will be adjudicated and paid by the respective state guaranty association. This important process is being facilitated by a court approved

Service Agreement between the guaranty associations and Benicorp. The associations are working hard to continue the claim paying process started by the Receiver with the intention of depleting the large claim backlog before the end of the year.

How do I follow up on a quote from United Healthcare?

Please contact the following individuals to obtain more information regarding a United Healthcare quote:

- Southern Indiana: Chris Fryback 317-405-3856
- Northwest Indiana: Suzanne Brown 317-405-3851
- Northeast Indiana: Andrew Arnold 317-405-3851
- All Other States: Jeff Buro 952-992-6221

Should I still pay my premiums?

Now that Benicorp is in liquidation, it is vital that policyholders wishing to continue their coverage at least through the cancellation date by the Guaranty Associations need to continue to pay their premiums. Claims incurred prior to a policy's termination date will be paid subject to the amount of available estate assets and to the statutory limits of each Guaranty Association. Once premium payments cease, only claims with service dates prior to the termination date will be provided coverage. Failure to pay premiums will result in the early cancellation of insurance coverage. There will be no reinstatements for insured groups once cancellation has been effected.

What will happen to my claims?

Prior to Liquidation, Benicorp, worked hard to pay as many claims as we could as fast as they were able--focusing on paying them in the order received. As a result of these efforts, the number of claims in process has been significantly reduced.

Covered claims incurred up to the point of transfer to United Healthcare or another carrier will be managed and paid by the guaranty associations. Policyholders were given until October 1st, 2007 to convert to a new plan. If they chose to remain with Benicorp, policies will eventually be terminated in accordance with the laws of each State.

As discussed above, the guaranty associations will continue to administer policies as long as they are in force and will adjudicate and pay covered claims. This will continue until policies are either all transferred or canceled and all covered claims are paid, subject to provisions of the state guaranty association laws. In many health insurance liquidations, there is a disruption in claim service when liquidation occurs. Benicorp along with the guaranty associations are working diligently to make sure any disruption, if it should occur, will be minimal. Your patience is appreciated in this regard.

After the group moves to a new carrier, we will continue to pay for claims incurred prior to the termination of your coverage with Benicorp Insurance Company. PPO's, providers and insured members can continue to send their claims incurred while insured by Benicorp Insurance Company to the address listed on the back of the ID cards.

Please note that vision benefits paid through VSP ended as of October 1, 2007. VSP is a separate entity from Benicorp and as such, they are not part of the liquidation. **For plans continuing coverage beyond October 1, 2007, there will be no vision benefits available.**

How do I submit a claim now that the company is in Liquidation?

Please continue to submit claims to Benicorp per the terms of the policy. If you are a health care provider and have a claim relating to health care services provided to a Benicorp Enrollee, please continue to submit those to Benicorp under the usual and customary billing procedures utilized prior to the Order of Liquidation being entered. As mentioned above the guaranty associations have entered into a Service Agreement with Benicorp to keep disruptions to a minimum.

Within the next six months, the Liquidator will mail to your attention another Notice which will include a Proof of Claim form, an explanation of how to submit such a Proof of Claim, and a notice of the deadline by which Proofs of Claim must be filed in order for such to be considered by the Liquidator as a possible claim against Benicorp. Again Proof of Claims are not required at this time and filing a Proof of Claim now will not get your current claim processed any quicker.

To the extent that you are an Enrollee or health care provider whose claims have been paid by a guaranty association prior to your receipt of the Claim procedure Notice, there will be no need for you to file a Proof of Claim. However, if you are an Enrollee or health care provider and, upon receipt of the Claim Procedure Notice, believe that you still have a claim against Benicorp, then you should timely file a Proof of Claim in accordance with the procedure outlined in the notice.

What happens with my scheduled procedures? Who do I call for pre-certification? Do I need to repeat pre-certification?

You will continue all normal procedures for pre-certification. Use the same phone numbers until your effective transfer to the new carrier and new ID cards and certificate books are issued.

Precertification is only valid as long as the certificate is in force at the time of the procedure.

What if my provider is refusing to accept Benicorp Insurance Company?

Regrettably, in recent months many providers experienced delays in claim payments and in some extreme cases this problem impacted providers and the services they offer to Benicorp's insureds. Benicorp apologizes for any inconvenience this situation may have caused. Please know that communications are underway to contact major provider networks and to inform them of Benicorp's commitment to honor their obligations going forward.

Providers are expected to provide services as normal and their claims will be honored.

If medical attention is required but the insured is forced to pay out of pocket for a covered expense due to the unwillingness of a provider to bill Benicorp Insurance Company directly, your expense will be reimbursed. Please ask the provider for an official claim form instead of a billing statement and send it along with an explanation of the situation to Benicorp at the following address:

Benicorp Insurance Company
Attention Claims
P.O. Box 68917
Indianapolis, IN 46068

What if the provider is requiring me to pay the bill while claims are delayed at Benicorp?

In some cases, providers may pursue members for direct payment of claims. We recommend members refrain from paying the provider directly as PPO discounts may not be accounted for accurately until the claim is processed. In addition, all claims will be paid in due course.

Further, this situation is likely to cause discrepancies in our payment records resulting in all of the provider's claims being reconciled and audited before payments can be released. The direct billing and collection of claims from members will most likely delay **ALL** claim payments during the reconciliation process. By allowing claims to be processed in due course, the provider is more likely to receive claim payments in a quicker fashion once guaranty association funding is received.

What is a guaranty association?

State life and health insurance guaranty associations are entities (in all 50 states as well as Puerto Rico and the District of Columbia) created by the respective state statutes to protect policyholders of an insolvent insurance company, typically in that individual state. All insurance companies licensed to sell life or health insurance in a state must be members of that state's guaranty association.

In general, state guaranty association coverage is limited to companies that were licensed to write business in the state at the time the company was declared insolvent. However, the guaranty association in the state of domicile of the liquidated insurance company, in this case Indiana, will often step in to cover a certificate holder located in a state where the failed insurer was not licensed. Indiana's guaranty association has this provision, so it would provide continuing coverage to any Benicorp policyholders who reside in states where Benicorp was not licensed.

It should be noted that in the Benicorp case, guaranty associations provide coverage based on the residency of the certificate holder, not the group or employer, in most instances.

For more information on Guaranty Associations, please visit the National Organization of Life and Health Insurance Guaranty Associations' website at www.nolhga.com. Click on Policyholder Information at the top of the screen and select Frequently Asked Questions to obtain more information or to find a link to your state's Guaranty Association.

If the guaranty associations will continue coverage, why is the deal with UnitedHealthcare necessary?

While state guaranty associations provide protection to all covered policyholders in their respective states, there are limits to this protection (much like the FDIC's protection of banking consumers, guaranty association protections are not unlimited). These limits, which are spelled out in state law, range from \$100,000 to \$500,000 for health insurance. The IDOI worked to move Benicorp's business to UnitedHealthcare to provide policyholders' a guaranteed option to transfer coverage to a new insurance plan in an expedited manner to insure there is no lapse in coverage.

A significant portion of Benicorp's policies are what is known as "cancelable." In other words, the insurer (or the guaranty associations, if they assume the business upon Benicorp's liquidation) can cancel the policies after providing notice to the policyholders. It was known that the guaranty associations would exercise their right to cancel policies when possible. This in fact has occurred - cancellation notices were mailed to any remaining employer groups on October 12, 2007. The department encouraged agents and employers to transfer coverage to UnitedHealthcare or another carrier before any forced cancellations took effect. Transfer to UnitedHealthcare or any other carrier is voluntary and requires transfer action by the policyholder.

Why can't the guaranty associations cover all claims?

The state guaranty associations have the utmost compassion for Benicorp's policyholders, but they are bound by the laws of their states and the limits spelled out in those laws. The FDIC cannot exceed its coverage limits in a bank failure, and neither can the state associations in this case. Again, covered policyholders will receive coverage up to the limit in their state, and the associations will, as always, fully honor their responsibilities.

What if I have a claim that is greater than the state Guaranty Association limit?

All covered claims will be paid up to the guaranty association's limit. Amounts exceeding this limit will need to be submitted to Benicorp Insurance Company as a creditor claim against the estate of the organization. The contract holder may receive distributions as the company's assets are liquidated by the receiver.

A packet detailing how to file such a claim will be distributed in early October once the Liquidation Order is signed. Claim forms will be located on the Benicorp web site.

Who do I contact if I have a question concerning a claim?

Please continue to contact the Customer Care department at Benicorp Insurance Company by dialing 800-438-4002.

What about my commission, how and when will I be paid?

Benicorp Insurance Company is in Liquidation. Per the Liquidation statute, commissions are a lower class of claims than administrative costs or policyholder claims. It is anticipated that there will not be sufficient funds to pay all policyholder claims; therefore, commissions are unlikely to be paid.

Can agents or groups get loss ratio reports, large claim reports, certificates of creditable coverage and/or deductible credit reports?

Benicorp will work on these requests and provide them as soon as possible. As Benicorp is handling so many requests, it may take a few weeks for this data to become available.

Will I receive a November premium invoice?

After liquidation, premiums must be paid in order to receive continued coverage from the Guaranty Associations if your group has not transferred to another carrier by the time of the liquidation order. Cancellation notices have been mailed to any remaining employer groups with an effective termination date of December 1, 2007. You will receive a final premium notice for the month of November and will need to make payment in order to avoid a termination date earlier than December 1.