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**Division of Insurance Reaches \$1.6 Million  
Multi-State Settlement with CIGNA Companies**

***Poorly Handled Claims May be Re-Opened for Further Consideration;  
Company Sets Aside \$75 Million for Claims Re-examination***

**BOSTON** - The Patrick Administration's Division of Insurance (DOI) has reached a settlement agreement involving the claim handling practices of the CIGNA Companies, which states the company and its subsidiaries were lax in using all available information to process disability claims appropriately.

The settlement specifically includes Life Insurance Company of North America, Connecticut General Life Insurance Company and CIGNA Health and Life Insurance Company (formerly known as Alta Health and Life Insurance Company) and resolves allegations that the companies improperly handled disability income insurance claims.

Under the terms of the settlement, CIGNA will set aside \$75 million to address inappropriately open and closed claims in five states, including Massachusetts. Massachusetts will directly receive \$400,000, including a penalty payment, as well as administrative fees to monitor future claims payment processing by CIGNA.

"We are pleased with the outcome of the Division's settlement with CIGNA," said Undersecretary of Consumer Affairs and Business Regulation Barbara Anthony "This is a fair resolution for consumers who rely on these payments to live. Our offices will continue to monitor the marketplace for unfair trends and serve as an advocate for consumers when we find them."

The fines and fees to the Commonwealth are part of a \$1.675 million settlement reached through the coordinated efforts of the Massachusetts DOI and its colleague agencies in California, Connecticut, Maine and Pennsylvania. Market conduct investigations are started when regulators notice a pattern of claims against one or more insurers which suggests that the insurer may be acting in a fashion which is detrimental to policyholders.

"The parallel state examinations revealed that the CIGNA companies were giving insufficient attention to the appropriate processing of disability income insurance claims," said Commissioner of Insurance Joseph G. Murphy. "Such findings are particularly troublesome given the circumstances facing most consumers forced to seek disability payments. Working with our fellow regulators, we have crafted a



settlement which requires the companies to set aside more than \$75 million to address both open and closed claims which may have been handled inappropriately.”

The settlement further requires the companies to:

- Enhance claim procedures to improve the claims handling process to benefit current and future policyholders;
- Establish a remediation program in which the companies’ enhanced claim procedures will be applied to certain previously denied or adversely terminated claims for residents of states whose insurance commissioners also signed the settlement agreement;
- Participate in a 24-month monitoring program, conducted by the insurance divisions of the five states, involving random sampling and on-going consultation; and
- Pay fines and administrative fees totaling \$1,675,000. Massachusetts will receive \$250,000 in penalties as well as \$150,000 in fees to monitor compliance.

The companies have also set up a dedicated line for policyholders who may have questions on the claim re-evaluation process. **That number is (855) 625-5518.** Massachusetts consumers who have questions may also call the DOI Consumer Services Unit toll free at 877-563-4467.

DOI is an agency within the Office of Consumer Affairs and Business Regulation. Follow the Division at [www.mass.gov/doi](http://www.mass.gov/doi) or its Twitter feed, @MassDOI. OCA provides a range of consumer information at [www.mass.gov/consumer](http://www.mass.gov/consumer), through its Consumer Connections blog, and on Twitter @Mass\_Consumer.

Consumers with insurance questions can also reach the Division of Insurance toll-free line at (877) 563-4467. The Division of Insurance is a regulatory agency within the Office of Consumer Affairs and Business Regulation. Find the Division of Insurance online at [www.mass.gov/doi](http://www.mass.gov/doi), or on Twitter @MassDOI.

The Office of Consumer Affairs and Business Regulation is committed to protecting consumers through consumer advocacy and education, and also works to ensure that the businesses its agencies regulate treat all Massachusetts consumers fairly. Follow the Office at its [blog](#), on [Facebook](#) and on Twitter [@Mass\\_Consumer](#).

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