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May 17, 2010

Mr. Lou Felice
Chairman
NAIC Health Care Reform Solvency Impact (E) Subgroup

VIA EMAIL

Dear Mr. Felice,

As the subgroup works to finalize the NAIC Supplemental Health Care Exhibit, Assurant Health is concerned with how the exhibit provides for allocation of premium and claims between jurisdictions. The exhibit seeks to obtain information for each jurisdiction in which a company has written direct comprehensive major medical health business. However, the exhibit allocates premium and claims based on situs of the contract which is defined as the jurisdiction in which the contract is issued or delivered. That definition may be appropriate for true individual and group business. However, for individual business sold through an association or small group business sold through a trust, the situs of the contract does not accurately reflect the distribution of the business and is inconsistent with the purpose of the exhibit.

Typically, individual business sold through an association and small group business sold through a trust will issue a master policy that is delivered in one state. The individual certificate holders in both cases are more likely to be located in a different state than the contract. With individual business sold through an association, the certificate holders are often in various states. For small group business, the certificate holders are usually located in the state where the business is located. In order to appropriately reflect the distribution of certificate holders by state and provide consistency with the purpose of the exhibit, individual business sold through an association should be allocated based on the issue state of the certificate of coverage. Similarly, small employer business sold through a group trust should be allocated based on the location of the small group. This will allow for consistency with the exhibit's purpose as well as an appropriate allocation based on the state where consumers have their coverage.

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To facilitate an easy revision, below is recommended language that would alleviate the above raised concern. The changes to existing language have been bolded for reference. This will allow for consistency with existing statutory exhibits such as Schedule T and the State Pages.

Suggested Revision

The allocation of premium between jurisdictions should be based upon situs of the contract. For purpose of this exhibit, situs of the contract is defined as "the jurisdiction in which the contract is issued or delivered as stated in the contract". **However, for purposes of this exhibit, for individual business sold through an association, the situs of the contract shall be based on the issue state of the certificate of coverage. For small employer business issued through a group trust, the situs of the contract shall be based on the location of the small employer.**

Thank you for your consideration of this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read "S.D.", with a stylized flourish at the end.

Steven Dzedzic
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