



**AmericanEnterprise**  
GROUP INC.

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**By Federal Express and Florida Industry Portal**

**October 20, 2011**

The Honorable Kevin M. McCarty, Commissioner  
Florida Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-6502

Office of Insurance Regulation  
Commissioner

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**RECEIVED**

Re: American Republic Insurance Company, NAIC #60836 / World Insurance Company, NAIC #70629  
Notice Pursuant to Florida Insurance Code Section 627.6425(3)(b) and Florida Insurance Regulations Rule 690-154.114(1)

Dear Commissioner McCarty:

As you may be aware, American Republic Insurance Company ("American Republic") and World Insurance Company ("World") subsidiaries of American Enterprise Group, Inc. ("American Enterprise"), are withdrawing from all individually underwritten comprehensive major medical insurance markets. Like all companies, we continually monitor our business strategy to ensure a competitive presence in the rapidly changing insurance market. With the changes in the major medical insurance marketplace and the resulting uncertainty brought on by the regulatory environment, we determined we are no longer able to provide the kind of major medical insurance protection our customers have come to expect. During a recent review of the American Republic's and World's overall businesses, the difficult decision was made to exit the individually underwritten comprehensive major medical insurance business in all of American Republic's and World's existing markets. Pursuant to Florida Insurance Code Section 627.6425(3)(b) and Florida Insurance Regulations Rule 690-154.114(1), please accept this letter as formal notice of American Republic's and World's decision to discontinue and non-renew all individually underwritten comprehensive major medical benefit plans and withdraw from the individually underwritten comprehensive major medical insurance business in the State of Florida. Notice is also being sent to the Commissioners and/or Directors in states where insureds under a Florida policy might reside.

**Guaranteed Replacement Offer**

In connection with the decision to withdraw from the individually underwritten comprehensive major medical insurance business, we have entered into a business transition agreement with Celtic Insurance Company ("Celtic"), a wholly-owned subsidiary of Centene Corporation, a multi-billion dollar health services organization.

Pursuant to the agreement, Celtic will offer a replacement insurance policy on a guaranteed issue basis to each individually underwritten comprehensive major medical insurance policyholder and insured of American Republic and World that resides in the State of Florida, other than to policyholders of (i) 12 policies converted from group policies to individual policies, for which no guaranteed replacement offer will be made, because these policies were not individually underwritten, and (ii) 13 policies that were written through agents in a career agency sales force, which policies are also subject to a related reinsurance agreement, who will not receive an offer of guaranteed replacement coverage, due to



guaranteed replacement coverage, due to existing contractual arrangements. We will continue to work with the reinsurer to determine if a suitable replacement offer can be made to these policyholders. Also, Policyholders age 64.5 years and older, will not receive a guaranteed replacement offer, as their age exceeds Celtic's attained age issuing requirements for major medical coverage. However, we will be ready to assist eligible Policyholders with finding Medicare Supplemental options, as appropriate.

Policyholders who accept the Celtic offer will enjoy continuous healthcare coverage without any break, and without underwriting or evidence of insurability required. The Celtic offer will be made regardless of health status, and no new pre-existing exclusions will be applied to policyholders who accept the offer.

To the extent possible, Celtic benefits will be similar to the American Republic or World benefits, and Celtic policies will include the same or similar waivers, rate ups and endorsements included in such policyholders' existing American Republic or World policies. In all cases, the transition will be completely at the option of the American Republic or World policyholder. The policyholder may either choose the Celtic policy, elect to remain with American Republic or World, as applicable (until nonrenewal or termination as permitted by the policy and applicable law) or seek coverage with another carrier. By partnering with Celtic, we hope to ensure a smooth transition for all of our customers in your state.

#### **180 Days' Advance Notice**

180 days' written notice will be provided of American Republic's and World's intent to discontinue and non-renew coverage to individually underwritten comprehensive major medical insurance policyholders by letter on or before November 28, 2011. Pursuant to applicable Florida law, each of American Republic and World will renew, upon request of the applicable policyholder, any of their respective individually underwritten comprehensive major medical insurance plans with a policy anniversary date during the 180-day period following such notice for a period ending on the last day of such 180-day period. For individually underwritten comprehensive major medical insurance plans without a policy anniversary date during such 180-day period, coverage will be non-renewed as of the next monthly renewal date after the last day of such 180-day period. The companies will also cease new sales of all individually underwritten comprehensive major medical insurance plans following October 20, 2011, but will honor any outstanding quotes issued prior to such date and disclose that such new policies will be subject to this cancellation notice.

The written notice to policyholders will also provide American Republic's and World's individually underwritten comprehensive major medical insurance policyholders with information about obtaining guaranteed replacement coverage with Celtic, if applicable, to begin on January 1, 2012. Attached as Exhibits A-1 (American Republic) and A-2 (World) are drafts of the written notice that will be mailed to individually underwritten comprehensive major medical insurance policyholders of American Republic and World, respectively.

Pursuant to FAC Rule 690-154.114(4) of the Florida Insurance Regulations, attached as Exhibits B-1 (American Republic) and B-2 (World) are copies of all forms issued in the Florida individual comprehensive major medical insurance market.



Our records indicate that American Republic's withdrawal from the individually underwritten comprehensive major medical insurance market in Florida will affect approximately 1,248 covered lives based on enrollment as of October 14, 2011. American Republic acknowledges that, pursuant to Florida law, it may not issue any coverage in individually underwritten comprehensive major medical insurance markets of Florida during the five-year period beginning on the date the last individually underwritten comprehensive major medical insurance coverage is non-renewed.

Our records indicate that World's withdrawal from the individually underwritten comprehensive major medical insurance market in Florida will affect approximately 1,367 covered lives based on enrollment as of October 14, 2011. World acknowledges that, pursuant to Florida law, it may not issue any coverage in individually underwritten comprehensive major medical insurance markets of Florida during the five-year period beginning on the date the last individually underwritten comprehensive major medical insurance coverage is non-renewed.

Every American Republic and World policyholder will have at least 180 days' notice of the nonrenewal or discontinuance of his or her policy. The companies will continue to service all affected Florida covered individuals through the withdrawal and during any required runoff period. During the withdrawal and runoff period, the companies will continue to process claims and respond to customer service inquiries in the ordinary course of business. The companies will maintain appropriate staff levels to insure a continuation of the same level of service that it has provided in the past. This letter and the exhibits attached hereto include non-public proprietary information including trade secrets which, if disclosed, could cause severe competitive injury to American Enterprise, American Republic and World. Accordingly, we hereby request confidential treatment be afforded to the documents and information referenced in or attached to this letter to the fullest extent possible pursuant to applicable Florida law.

Please be advised that this decision is strictly limited to our individually underwritten comprehensive major medical insurance. It does not in any way impact the continued offering of the company's other group and individual products and services in Florida, including but not limited to:

- Accident-Only Policies
- Accidental Death & Dismemberment Policies
- Specified Disease - Limited Benefit Policies
- Hospital Indemnity Policies
- Hospital/Surgical/Medical Expense Limited Benefit Policies
- Hospital Confinement Limited Benefit Policies
- Other Limited Benefit Policies
- Long Term Care Policies
- Nursing Home Policies
- Dental Policies
- Medicare Supplement Policies
- Short Term Medical Policies



We thank you for your cooperation in working with American Republic and World through this transition. We will, of course, be happy to work closely with your Office in anticipation of, and response to, questions you may receive from customers of American Republic or World. If you or your staff have any questions or would like any additional information regarding our exit from the individual comprehensive major medical insurance market in Florida, please do not hesitate to contact Jamie Mueller at our toll-free number, 1-800-247-2190, ext 6569, or by email at [Jamie.Mueller@americanenterprise.com](mailto:Jamie.Mueller@americanenterprise.com):

Sincerely,

*Michelle M Casper Barker*

Michelle M. Casper Barker

Vice President and General Counsel

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