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By Federal Express and SERFF

October 20, 2011

The Honorable Ted Nickel, Commissioner of Insurance  
Wisconsin Office of the Commissioner of Insurance  
GEF 3, Second Floor  
125 South Webster Street  
Madison, Wisconsin 53703-3474

Re: American Republic Insurance Company, NAIC #60836 / World Insurance Company, NAIC  
#7629  
Notice Pursuant to Wisconsin Insurance Code Section 632.7495(3)(b)

Dear Commissioner Nickel:

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 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 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 Wisconsin Insurance Code Section 632.7495(3)(b), 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 Wisconsin. Notice is also being sent to the Commissioners and/or Directors in states where insureds under a Wisconsin 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 Wisconsin, other than to policyholders of 1,040 policies that were written through agents in a career agency sales force, which policies are also subject to a related reinsurance arrangement, who will not receive an offer of 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 policyholder. The policyholder may choose either 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 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 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.

Our records indicate that American Republic's withdrawal from the individually underwritten comprehensive major medical insurance market in Wisconsin will affect approximately 2,333 covered lives based on enrollment as of October 14, 2011. American Republic acknowledges that, pursuant to applicable law, it may not issue any coverage in individually underwritten comprehensive major medical insurance markets of Wisconsin 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 Wisconsin will affect approximately 1,068 covered lives based on enrollment as of October 14, 2011. World acknowledges that, pursuant to Wisconsin law, it may

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not issue any coverage in individually underwritten comprehensive major medical insurance markets of Wisconsin 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 Wisconsin 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 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, including but not limited to:

- Dental Policies
- Short-term Medical Policies
- Medicare Supplement Policies
- Supplemental Medical Policies
- Hospital/Surgical/Medical Expense Limited Benefit Policies
- Specified Disease - Limited Benefit Policies
- Short-term Convalescent Care Limited Benefit Policies
- Hospital Confinement Policies
- Accidental Death and Dismemberment Policies
- Nursing Home Policies
- Hospital Indemnity Policies
- Long-term Care Policies
- Accident-only Policies
- Other Limited Benefit 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 Department 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 individually underwritten comprehensive major medical insurance market in Wisconsin, please do not hesitate to contact Sarah Shives at our toll-free number, 1-800-247-2190, ext 2083, or by email at [sarah.shives@americanenterprise.com](mailto:sarah.shives@americanenterprise.com).

Sincerely,

*Michelle M. Casper Barker*

Michelle M. Casper Barker  
Vice President and General Counsel



**EXHIBIT A-1**  
**AMERICAN REPUBLIC NOTICE OF DISCONTINUATION OF COVERAGE**

See attached for a sample notice.

## IMPORTANT NOTICE REGARDING YOUR MAJOR MEDICAL COVERAGE

CONFIDENTIAL

Dear Policyholder:

We are writing to inform you of an important decision American Republic Insurance Company ("American Republic") has made regarding individually underwritten comprehensive major medical insurance in [STATE], which impacts your comprehensive major medical coverage.

**This letter contains important information about the cancellation of your major medical policy.**

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, American Republic has determined it is no longer able to provide the kind of major medical insurance protection our customers have come to expect. During a recent review of American Republic's overall businesses, the difficult decision was made to exit the individually underwritten comprehensive major medical insurance business in all of our existing markets. It is with our sincere regret that we inform you of this news.

**This is American Republic's formal written notice of non-renewal and discontinuance of your policy, or termination and discontinuance of your policy, on [insert], 2012.** Please contact your insurance agent now for assistance in finding replacement coverage to ensure continuation of coverage without interruption. In addition to seeking coverage from another major medical provider in your state, you may choose to contact your state risk pool [insert link] or [the federal risk pool [insert link]].

**This applies only to individually underwritten comprehensive major medical insurance.** If you or a family member has other insurance coverage with American Republic, the decision to exit the individually underwritten comprehensive major medical business will in no way impact the company's other group and individual products and services, including but not limited to accident, annuities, basic medical expense, critical illness, dental, limited benefit, long-term care, home healthcare, Medicare supplemental, short-term care, short-term medical, supplemental medical/hospital indemnity, term life, universal life, and whole life.

American Republic will continue to serve you until our withdrawal from the individually underwritten comprehensive major medical insurance market has been completed. During this period, we will continue to process claims and respond to customer inquiries as we have always done.

If you have questions, please contact your agent or call American Republic toll-free at [insert].

Sincerely,

Michael E. Abbott  
President and Chief Executive Officer  
American Republic Insurance Company



**EXHIBIT A-2**  
**WORLD NOTICE OF DISCONTINUATION OF COVERAGE**

See attached for a sample notice.

## IMPORTANT NOTICE REGARDING YOUR MAJOR MEDICAL COVERAGE

**CONFIDENTIAL**

Dear Policyholder:

We are writing to inform you of an important decision World Insurance Company ("World" has made regarding individually underwritten comprehensive major medical insurance in [STATE], which impacts your comprehensive major medical coverage.

**This letter contains important information about the cancellation of your major medical policy.**

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, World has determined it is no longer able to provide the kind of major medical insurance protection our customers have come to expect. During a recent review of World's overall businesses, the difficult decision was made to exit the individually underwritten comprehensive major medical insurance business in all of our existing markets. It is with our sincere regret that we inform you of this news.

**This is World's formal written notice of non-renewal and discontinuance of your policy, or termination and discontinuance of your policy, on [insert], 2012.** Please contact your insurance agent now for assistance in finding replacement coverage to ensure continuation of coverage without interruption. In addition to seeking coverage from another major medical provider in your state, you may choose to contact your state risk pool [insert link] or [the federal risk pool [insert link]].

**This applies only to individually underwritten comprehensive major medical insurance.** If you or a family member has other insurance coverage with World, the decision to exit the individually underwritten comprehensive major medical business will in no way impact the company's other group and individual products and services, including but not limited to accident, annuities, basic medical expense, critical illness, dental, limited benefit, long-term care, home healthcare, Medicare supplemental, short-term care, short-term medical, supplemental medical/hospital indemnity, term life, universal life, and whole life.

World will continue to serve you until our withdrawal from the individually underwritten comprehensive major medical insurance market has been completed. During this period, we will continue to process claims and respond to customer inquiries as we have always done.

If you have questions, please contact your agent or call World toll-free at [insert].

Sincerely,

Michael E. Abbott  
President and Chief Executive Officer  
World Insurance Company