

June 12, 2007

FILED

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Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

VIA E-MAIL AND FIRST CLASS MAIL

State of Washington
Office of Insurance Commissioner
Hearings Unit
Patricia D. Petersen, Chief Hearing Officer
P.O. Box 40255
Olympia, Washington 98504-0255

Attention: Wendy Galloway, Paralegal
WendyG@OIC.WA.GOV

Re: United HealthCare Insurance Company
Demand for Hearing-Assignment of ALJ Outside Agency-Stay of Threatened
Action

Dear Ms. Galloway:

As you are aware, this firm represents United HealthCare Insurance Company ("United"). United is a licensed life and disability insurance carrier.

On May 4, 2007, on behalf of United, I sent a letter pursuant to Evidence Rule 408 to the Washington Office of Insurance Commissioner ("OIC"), to the attention of Charles D. Brown, Sr. Staff Attorney. The letter in pertinent part requested that OIC reconsider its proposed consent order imposing a fine upon United. Alternatively, if OIC declined to reconsider its threatened action, our letter requested that OIC treat it as: (i) a statutory demand pursuant to RCW 48.04.010(1)(b), to contest and appeal OIC's decision to impose a fine as proposed in the aforementioned consent order; (ii) a request pursuant to RCW 48.04.010(5), for a hearing presided over by an administrative law judge assigned under chapter 34.12 RCW; and, (iii) a demand for an automatic stay of any enforcement action against the company pending the outcome of the challenge.

On May 14, 2007 we received a copy of a letter from OIC's Hearings Unit to Mr. Brown which in pertinent part advised that OIC's forwarding of our aforementioned letter to the OIC Hearings Unit did not constitute a permissible notice of demand for a hearing. We inferred from our copy of the letter from the OIC Hearings Unit to Mr. Brown that OIC evidently had

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declined our request for reconsideration. It had not occurred to us that the lengthy letter and attachment that included our request for reconsideration would be forwarded directly to the OIC Hearings Unit without some intervening discussion concerning our request for reconsideration. In any event, we apologize for any confusion that may be attributable to that Rule 408 letter which was forwarded to you.

We hereby: (i) demand a hearing pursuant to RCW 48.04.010(1)(b), to contest and appeal OIC's threat to impose a fine as proposed in the aforementioned consent order; (ii) request pursuant to RCW 48.04.010(5), that the hearing be presided over by an administrative law judge assigned under chapter 34.12 RCW; and, (iii) demand an automatic stay of any threatened enforcement action against the company in connection with this matter pending the outcome of our challenge ((i) through (iii) are hereinafter collectively referred to as this, "Demand.").

The core issue in dispute between OIC and United concerns the proper interpretation of RCW 48.66.045. More particularly, the issue concerns the extent to which this statute requires a carrier to guarantee issuance of replacement medicare supplement coverage. OIC concluded in its proposed consent order that RCW 48.66.045 requires an insurer such as United after 1996 to issue coverage under its standardized benefit plans B through G without evidence of insurability to any Washington resident who is eligible for both medicare hospital and physician services by reason of age or by reason of disability or end-stage renal disease if the policy replaces another medicare supplement standardized plan B through G or other more comprehensive coverage than the replacing policy. United respectfully disagrees with OIC's interpretation and in pertinent part has asserted that the term "other more comprehensive coverage" under RCW 48.66.045 is confined to medicare supplement standardized plans, and United's past policy of medically underwriting medicare supplement application and guaranteeing issuance of replacement medicare supplement coverage only if the replaced plan was another medicare supplement plan did not violate RCW 48.66.045(1).

United's request for a hearing to challenge OIC's threatened action to impose a fine also is based upon United's assertion that it sought and received OIC confirmation of United's interpretation of the statute in question. United further respectfully asserts that the amount of OIC's proposed fine exceeds the agency's statutory authority as well as its internal Compliance Group standards, and is otherwise arbitrary, capricious and unreasonable. OIC denies these assertions.

For the reasons summarized above, we respectfully submit this Demand including our request for a hearing presided over by an administrative law judge assigned under chapter 34.12 RCW, and an automatic stay of any threatened enforcement action against the company in connection with this matter pending the outcome of our challenge.

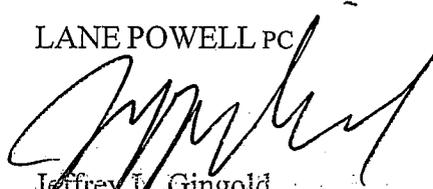
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Please don't hesitate to contact the undersigned should you have any questions or need additional information.

Very truly yours,

LANE POWELL PC



Jeffrey L. Gingold
Shareholder

JLG:af

cc: Charles D. Brown, Esq.

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