

## Article 2 – Former Policyholder Takes Insurer to Task

By Lisa Girion, Times Staff Writer

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On the eve of the birth of her first child 12 years ago, Joan Hangarter bought an insurance policy that would pay her a monthly benefit if a disability ever prevented her from working as a chiropractor.

Hangarter kept up her end of the bargain, sending in monthly premium checks for more than seven years that totaled more than \$3,000 annually. When a painful joint condition forced her to quit her \$100,000-a-year practice in 1997, she began collecting her \$8,100-a-month disability benefit. But after 18 months, her insurance company, now part of UnumProvident Corp., canceled her payments, declaring that she was no longer disabled.

Now a divorced mother with two children, Hangarter, 53, has struggled for more than three years to get by without the payments. She lost the home she was about to buy when UnumProvident cut her off. The family was evicted and for a time lived on welfare.

Hangarter sued and this year won a \$7.67-million jury verdict. The award was upheld Wednesday by a federal judge in San Francisco. The company is appealing.

Meanwhile, the Novato, Calif., woman who was so proud of the home and lifestyle she once provided for her family recently filled out school free-lunch applications for her son and daughter and begged the local youth softball and soccer programs to let them play for free.

"This company caused my worst nightmare to come true," she said. "They are hurting people. They are destroying people's lives."

Hangarter is one of many policyholders across the country who blame Chattanooga, Tenn.-based UnumProvident for cutting off their payments and plunging them into hardship and despair.

The nation's largest seller of disability insurance is fighting scores of lawsuits that accuse it of using improper hardball tactics to cut legitimate claims in an effort to boost its bottom line.

In upholding Hangarter's award this week, U.S. Magistrate James Larson ordered the company to refrain from many of the tactics alleged in the suits, including using biased doctors to make assessments, spying on policyholders' activities and shredding claims information.

J. Christopher Collins, UnumProvident's senior vice president and deputy general counsel, accused plaintiffs' lawyers of "demonizing" responsible claims management practices.

"Our claims decisions are made within the context of a sound, fair process that we have worked hard to build," the company said in a statement. "Still, we can and do make mistakes. And when we become aware of an error on our part, we work urgently to correct the situation."

Yet the suits portray the benefit cutoffs as part of an ongoing scheme. According to court documents, UnumProvident increased its "net termination ratio" target -- the value of terminated claims compared with new claims -- from 84% to 90% in 1996. By the end of 1997, that goal was 124%.

The company aggressively sold so-called own-occupation disability policies to self-employed professionals such as Hangarter in the 1980s and early 1990s. People in California and Florida were primary sales targets.

"They sold these policies when the market was real good," said Tampa, Fla., lawyer Frank Winkles, who has several suits pending against the company. "They could invest premiums and make lots of money." But two things then happened, said Winkles: The market softened "and they found out these professionals get sick just like everybody else."

Ray Bourhis, the San Francisco lawyer who represents Hangarter, said he is considering a class-action lawsuit on behalf of policyholders who may not be aware that their claims never should have been terminated.

"They need to be responsible for what has happened in the past," he said. "This is not just some mistake. It is unconscionable to deny disability benefits to people with AIDS, with heart disease, with Parkinson's, who are quadriplegic."

Hangarter was her daughter when an insurance agent approached her about buying the disability policy.

"She was very insistent," Hangarter recalled. "She explained to me this would keep a roof over my head if anything should happen. She said unexpected things occur, and I was going to be a mother. So it just clinched at that point.... How could I not?"

When doctors told her she could no longer perform the physically demanding body manipulations her patients needed, Hangarter was glad she had purchased the insurance. Then the company dropped her. UnumProvident maintained this week that she no longer was disabled.

"Joan Hangarter is a chiropractor with tennis elbow," Collins said.

But Judge Larson said the company's conduct was so egregious that the jury had ample reason to include \$5 million in punitive damages in its award to Hangarter. MRI evidence showed and doctors testified that she suffers from a worsening condition that causes severe pain in her shoulder, arms, elbow and neck.

"Despite conclusive evidence that plaintiff was unable to work," Larson wrote, "defendants subjected her to a biased medical examination, then re-characterized her occupation as a business owner, rather than a chiropractor, and claimed she was not totally disabled because she could perform bookkeeping or teach a class or two or see two patients per hour." Hangarter said the notion that she would fake her disability makes no sense.

"I loved my patients," she said. "I had a fabulous practice. I loved what I did. It wasn't a job. I owned that practice for 18 years. It was a life. Why would I deliberately walk away?"

The day the jury sided with Hangarter, she left the courthouse and went to the store with food stamps.

It could be years before the company exhausts its appeals, and in the meantime she is surviving off a loan she took out as an advance on her judgment.