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1 didn't really contribute as much to the company as they
2 did. So, therefore, you know, that's kind of the theme
3 running through was that they felt that they had the
4 more responsible positions and, therefore, should be
5 remunerated preferentially to us.
6 BY MR. DARRAS:
7 Q. And how did you learn that information?
8 A. Oh, Dr. Anfield said it, you know, after we
9 -- he sensed -- he was kind of apologetic. He said,
10 we know we brought you here, you've done well, we got
11 you to the vice president level, and we must say that
12 you're working here, you've got -- you've got a five
13 day a week, 40-hour job, we've achieved that, we've
14 achieved you to be paid similar to your -- similar,
15 not as much as your counterparts in practice, and, you
16 know, but that's as much as we can get for you guys.
17 And he was very apologetic, but we -- to me, it didn't
18 really -- I wasn't motivated by that, so I didn't
19 really --
20 Q. When you said that the impairment heads would
21 impact the company results, what did you mean?
22 MR. SHEA: Object to the form
23 THE WITNESS: Could you say that
24 question again. I'm sorry.
25 BY MR. DARRAS:

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1 Q. When you said the impairment heads would
2 impact the company results --
3 A. Yes.
4 Q. -- and, therefore, might get more of a bonus
5 --
6 A. Right, yes.
7 Q. -- you meant what?
8 MR. SHEA: Same objection.
9 THE WITNESS: That they were responsible
10 for the numbers. They were responsible for the company
11 making the profit, for profitability. They were --
12 you know, there's two ways that an insurance company
13 makes money. One is from the investments that they
14 make on the claimants' policies, and the second area is
15 on claims management. That's the two areas, and these
16 impairment heads were very responsible for getting
17 results from claims management.
18 BY MR. DARRAS:
19 Q. Did you ever learn from Dr. Anfield that he
20 was referring to the investment money the company was
21 making as opposed to the impairment heads managing the
22 claims to provide better results?
23 MR. SHEA: Object to the form.
24 THE WITNESS: Did you say Dr. Varr or
25 Dr. Anfield?

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1 MR. SHEA: Dr. Anfield.
2 MR. SHEA: Same objection.
3 THE WITNESS: Say the question again.
4 MR. SHEA: Sure.
5 BY MR. SHEA:
6 Q. You talked about two forms an insurance
7 company makes profits, when they invest their money and
8 when the claims are managed to create a profit?
9 A. Yes.
10 Q. Did you ever hear Dr. Anfield speak about
11 the money that the company made from investment?
12 MR. SHEA: Objection to form.
13 THE WITNESS: No.
14 BY MR. DARRAS:
15 Q. The profit that you mentioned, you heard from
16 Dr. Anfield?
17 MR. SHEA: Objection to form.
18 THE WITNESS: Yes. The word profit, no,
19 there are some documents that you know, talk about
20 profitability and the roles of the claim people, but
21 no, I didn't hear it directly. Dr. Anfield was just
22 obvious saying that's our value to the company is, I
23 mean --
24 BY MR. DARRAS:
25 Q. Okay. Let's talk about the types of claims

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1 that you handled when you came back in 2000. You told
2 us about the gen med. In terms of the type of claims,
3 can you explain to us what you were doing there?
4 A. When I came back first?
5 Q. Yes.
6 A. The same sort of claims as when I had left in
7 1999, when I left previously.
8 Q. So what types were those?
9 A. They were a mixture of all companies, both
10 ID, individual disability, and group policies
11 Q. The background of the other doctors in the
12 gen med unit as you understood it was what?
13 MR. SHEA: Object to the form.
14 THE WITNESS: Similar to my own. Some
15 had experience in claims management, whether that be
16 with disability or with managed care. One or two came
17 in direct. Most -- majority had some experience in
18 insurance companies already
19 BY MR. DARRAS
20 Q. And who in the impairment unit that you
21 worked with dealt directly with the customer or the
22 claimant?
23 A. In my impairment unit?
24 Q. Yes.
25 A. The unit -- well, I'm part of the medical

EXHIBIT III

Accomplishments Relating to Top 10
Claim Improvement Initiatives - 1995 Summary

1. STRENGTHEN INVESTIGATIVE CAPABILITIES

- Eleven field investigators and two regional directors hired, nearly doubling existing field staff. Quality of new staff is outstanding.
- Instituted formalized training program for field staff and conducted 2 one week sessions.
- Revised referral process, clarified roles and responsibilities, and modified settlement authority to increase effectiveness and ensure appropriate controls.
- Established performance standards and instituted activity reporting system to track results.
- Fourth quarter claim resolutions involving field staff totaled \$15.3 million - nearly four times the \$4.1 million reported in the first quarter.
- Special Investigative Unit established focusing on fraud.

2. EFFECTIVELY MANAGE MNDAs CLAIMS

- Formed structurally separate psychiatric claim management unit to focus exclusively on MNDAs claims.
- Retained Psychiatric Disability Consultants, Inc. to establish methodology for managing MNDAs claims, provide training and provide professional assistance on specific claims.
- Intensive "objectification" training conducted; process and methodology modified (including development of unique forms, letters, questionnaires).
- Reduced caseloads from approximately 200 (in 1994) to 60 (currently) so as to allow time for more intensive objectification of each claim.
- Began evaluation of outside professional resources (psychiatrists and psychologists) to provide part-time, on-site consultations.

3. AUDIT FINANCIAL ASPECTS OF RESIDUAL CLAIMS

- Formed structurally separate residual claim management unit to focus exclusively on residual claims.
- Staffed unit with 2 additional CPA's (three in total).
- Provided in-depth financial/tax training to members of unit.
- Successfully commenced on-site audits where income shifting or non-disability related reductions in earnings were suspected.
- Established consistent claim practices and procedures for management of residual claims.
- Reduced caseloads from approximately 200 (in 1994) to roughly 70 currently to permit more thorough review of claim and income loss.

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