



DEPARTMENT OF INSURANCE
STATE OF NORTH DAKOTA

Jim Poolman
Commissioner of Insurance

May 31, 2006

Mr. Michael Benedict McCallister
President and CEO
Humana Insurance Company
500 West Main Street
Louisville, KY 40202

Fax: (502)580-3690

Dear Mr. McCallister:

Our Department has learned from Humana policyholders in North Dakota that a laptop containing their personal information has been stolen while in your possession. We have also been notified that hard copy applications themselves were also recently stolen.

We are aware that Humana's only response to this critical breach of consumer trust was to write affected policyholders offering complimentary credit monitoring services for one year. In order to receive the credit monitoring service, these affected consumers would be required to provide, again, sensitive and protected information that was just stolen from them.

As the Commissioner of Insurance charged with protecting the rights of North Dakota consumers, I couldn't be more outraged that Humana did not notify our Department immediately upon discovery of the theft. Furthermore, I am appalled that Humana's only notification to the consumer was an impersonal letter.

The response to this serious breach is nothing more than inadequate. It has left North Dakota policyholders unprotected, potentially subject to their identities being stolen, and less trusting of your company. Humana's response neither served to correct the potential personal implications for your policyholders, nor did it outline procedures to ensure that this does not happen again.

Mr. McCallister, I am sure you know the problem with identity theft is an incredibly serious issue. The apparent lack of proper security for sensitive policyholder information is of great concern to me and undermines the trust that is the foundation of insurance protection. Also of concern is the apparent lack of procedure in place to protect consumers in the event of a loss of personal, private information.

I would appreciate a response in five (5) business days to the following:

- 1) Specifically how many North Dakota consumers have had their personal/private information compromised? Please provide the names to this Department, so we may communicate with those policyholders independently.
- 2) How many consumers outside of North Dakota have had their personal/private information breached?
- 3) What is the security policy of Humana in storing this information?
- 4) What is Humana's policy in accepting applications for policies and transferring that information?
- 5) What are the details of the theft?
- 6) What assurances can you give to policyholders that there is a thorough investigation taking place to retrieve the information lost?
- 7) What other procedures does Humana employ to protect affected policyholders?
- 8) How will you respond to currently unaffected Humana policyholders who now might be concerned with the security of their information?
- 9) Who, specifically, can consumers contact by toll-free phone number to discuss their concerns?
- 10) Provide to me weekly reports of any contacts with North Dakota policyholders regarding this issue.

Please know that I am willing to use all provisions in state law to protect North Dakota consumers related to this issue. This may include preventing the marketing of Humana policies in North Dakota by cease and desist order if evidence is not shown that Humana has the policies, procedures and remedies in place to protect North Dakota seniors that are buying your insurance products. You should be aware that allowing an unauthorized individual access to a policyholder's non-public, personal financial information violates North Dakota Administrative Codes 45-14-01-11, a copy of which is attached.

A strong and healthy insurance marketplace for North Dakota consumers requires reliable and trustworthy companies. As a Commissioner elected by the people of North Dakota, I take this breach of consumer trust very seriously. I await your prompt response.

Sincerely,



Jim Poolman
Insurance Commissioner
State of North Dakota

JP:ls

Enc.

cc: Alex Trujillo, CMS, Denver
R. Glenn Jennings, Executive Director, Kentucky Office of Insurance