
November2, 2018

Mr. David Wichmann
Chief Executive Officer
P.O. Box1459
Minneapolis, MN554401459
UnitedHealth Group

Dear Mr. Wichmann,

State insurance regulators take seriously their responsibility and obligation to consumers to assess and ensure the overall health and wellness of the U.S. insurance industry. As with any patient, one must take a holistic approach, looking not just at distinct components or discrete issues in isolation, but also at the sum of the parts and how they interact. This approach is at the heart of our group supervisory reforms including ongoing development of our group capital calculation (GCC). We are disappointed that unlike virtually every other U.S. insurance company, including your health insurer competitors, United

and thus far United HealthCare has spent a disproportionate amount of its energy attempting to derail or obstruct the GCC rather than improve it. We question why, in stark contrast to your competitors, United HealthCare is so hard pressed to avoid providing this insight to regulators.

United HealthCare has further proffered that the GCC's development and application to health insurers is a result of international pressure, either through the International Association of Insurance Supervisors' (IAIS) International Capital Standard (ICS) project or the US/EU covered agreement. NAIC explored development of the GCC starting in 2015 before either the ICS or the covered agreement took shape. The covered agreement does recognize the GCC, but it contains no obligation to apply the GCC to health insurers. The ICS, a non-binding standard, would only apply to internationally active insurance groups, and therefore not United HealthCare. While we hope our work on the GCC informs our contributions to the ICS project and impacts the final product, they are distinct efforts, and we are moving forward ahead of and regardless of the outcome and contours of the ICS. Put simply, we are developing the GCC and including its application to health insurers to meet the domestic needs of state regulators, not in response to international standards or federal obligations that wouldn't apply to United HealthCare in any case.

United HealthCare is concerned that rating agencies may interpret the GCC as a cap on leverage, potentially forcing health insurers to leverage to maintain their financial strength rating. We are communicating directly with the rating agencies about the GCC and how it will be utilized, and thus far, we have not seen evidence of this interpretation. In actuality we are increasing, available capital by treating a portion of debt as additional available capital. The exact percentage will be considered as a part of our field testing exercise, and given United HealthCare's concerns with this provision, we assume you will participate.

We have provided ample opportunities for United HealthCare to explore its concerns with our working group and with signatories to this letter and will continue to do so as this is an ongoing project – nothing is set in stone and the results of field testing will be instructive. We expect United HealthCare will participate in field testing to ensure its concerns are supported by data and analysis. In this same spirit and given the energy and resources United HealthCare has already dedicated to highlighting these concerns, we ask that you personally attend our upcoming national meeting in San Francisco to share your concerns directly with commissioners. We intend to invite other health insurer executives as well to ensure we have a complete picture of the issues.

While we believe that the vast majority of health insurers are well-capitalized and the GCC will reflect that, there is obviously a chance that the tool may reveal concerns at a specific insurer. That's the very purpose of the tool to be an early warning signal to regulators so they can begin working with the company to resolve the concerns in a manner that will ensure that health insurance policyholders can be protected. No regulator wants to see a health company fail, claims not be paid, or policyholders be

