

## **BBC 10pm NEWS - 6<sup>th</sup> November 2007 - Transcript**

**Hew Edwards, anchor:** A multinational insurance company accused of racketeering and cheating thousands of Americans out of welfare benefits, is giving advice to the British government on welfare reform. A BBC investigation has found that executives from Unum have held meetings with senior Whitehall officials to discuss changes to the benefit system. Mark Daly has this exclusive report:

**Mark Daly, presenter:** US-based multi-national insurance giant, Unum, has shown a keen interest in UK welfare reform since the mid 1990s. This is Unum's HQ in Portland in Maine. Unum are the world's largest disability insurers, with more than 25 million customers in the US alone. But in 2002, a series of whistle blowers came forward with damning allegations. Linda Nee was a claims handler for UnumProvident, as it was called then.

**Linda Nee:** I was often placed in the position by a consultant, who was my supervisor, of denying a claim. Of telling me to deny a claim, or having a manager tell me to remove documentation from a claim so that an attorney would not have an opportunity to see it.

**Mark Daly, presenter:** It was alleged that UnumProvident cheats tens of thousands of disabled Americans out of their rightful benefit claims. Many of them came from California. Joan Hangarter had her own business before falling ill.

**Joan Hangarter:** An impartial, unanimous jury of 12 people found that Unum had wrongfully terminated my benefits. They had lied, they had cheated, they had misrepresented the facts.

**Mark Daly, presenter:** She was awarded \$7.5million in damages but allegations of racketeering persisted. Then, in 2005, insurance commissioner John Garamendi declared: "UnumProvident is an outlaw company. It is a company that for years has operated in an illegal fashion." In a unique settlement signed by all 50 States, it was fined \$23million, ordered to reopen 300,000 denied claims at a cost of half a billion dollars. (Denied claims still not reinvestigated as of Oct 2010. MS)

**Peter Dewis, Unum Customer Services:** I think the important thing to recognise is that those issues that were found in relation to the US claims management practices now belong to history. They were critically reviewed when the regulatory findings came out, a number of very important changes have been made. In the UK we reviewed all of our claims management practices and found ourselves not to be wanting in relation to anything that the US regulators were saying.

**Mark Daly, presenter:** But, there are still dozens of bad faith cases and allegations outstanding against the company on both sides of the Atlantic. Despite all of this Unum had senior executives sitting on key government working groups last year, and has provided detailed memorandum on transforming the benefits system. **The government also awarded grants worth £300,000 to Unum's research centre in Cardiff.**

**Ian Gibson MP:** I think the government should have them in front of them in an open scrutiny process in Parliament, and we should ask them what their game is. Why it happened in the States first, could not happen here if they have still got the same philosophy. There is some indication now that they haven't changed that much. The leopard hasn't changed it's spots.

**Mark Daly, presenter:** The BBC has discovered internal documents revealing that Unum believes it is driving Government policy. The Department for Work and Pensions refused to comment on Unum's past. A spokesman said: "Throughout the process of developing our policies.... Ministers and officials have met and spoken to hundreds of organisations and individuals like Unum to find out what works." As Unum attempt to leave its chequered past behind, the debate over UK welfare reform will rage on.