

MIB Responds to Misleading Statements by AnnualMedicalReport.com

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The AnnualMedicalReport.com (“AMR”) website makes many misleading and inaccurate statements about MIB (formerly, the Medical Information Bureau). AMR’s website continues to rehash MIB’s history in a misleading manner, often relying on unverifiable statements that may or may not have been made in the 1970’s, 80’s and 90’s and boldly asserting that those statements are true today. MIB’s business model has certainly evolved over time, but for reasons unknown to MIB, AMR has been a prolific critic of MIB for several years. Therefore, when reviewing the materials on AMR’s website regarding MIB, we ask that you “take them with a grain of salt.”

To illustrate many of the inaccuracies on AMR’s website, we have compiled several of the incorrect statements below, along with MIB’s detailed explanation in order for consumers to learn “the truth” about MIB.

AMR says: *“For decades, MIB refused to reveal it [sic] existence to insurance customers. MIB continues to enjoy anonymity and brand unawareness – in a 1999 poll conducted by Princeton Research Associates for The California Healthcare Foundation, 84% of Americans had never heard of, or were aware they dealt with, the MIB Group Inc. Today, the MIB remains secretive by refusing to release its list of underwriting codes, even amidst controversy over its use of non-medical codes...”*

MIB provides the life and health insurance industry with fraud protection services that are used by its 420 (approx.) member insurance companies in the underwriting process for individually underwritten life, health, disability income, critical illness, and long-term care insurance policies. MIB’s “Checking Service” provides an alert to the member when an individual applies for one of these types of policies and either forgets to answer an application question correctly or knowingly omits information that may be relevant in the underwriting process.

MIB’s business model is sometimes described as an “information exchange” because MIB members contribute data to the MIB database that may be useful to other members that later search the database with the authorization of the insurance applicant. Using Fair Credit Reporting Act terminology, MIB’s members are both the exclusive “users” of MIB’s consumer reports and “furnishers” of information to MIB for inclusion in such reports. Therefore, only those insurance companies that are members of MIB may access MIB’s database and report information to MIB and they may only do so when they have obtained a written authorization from the consumer.

MIB is not anonymous to consumers. If a member company wishes to use MIB (i.e., to search MIB’s database and report information back to MIB), then it must provide you with the MIB Pre-Notice which describes MIB, the circumstances under which a brief report may be sent to us

by our members, the conditions under which MIB will disclose the report to another member insurance company and the address to contact us at MIB for disclosure and correction of your MIB Consumer File, if such a record exists. In addition, the member must obtain your signature on an authorization in which MIB is specifically identified as an information source, along with other sources that might have records about you (i.e., your personal physician). Therefore, a member company cannot search MIB or report information to MIB without your knowledge and authorization.

MIB welcomes consumers to visit its website to learn more about how MIB operates (www.mib.com). In fact, the MIB Pre-Notice, which is given to all consumers before a member searches MIB for information on the consumer, notifies consumers that they may visit www.mib.com to learn more about the company.

With respect to MIB's unwillingness to publicize its coding manual, MIB's coding manual has been protected by MIB as a trade secret since 1902. The consumer files in MIB's database contain "coded" information about a consumer's medical or other conditions (typically dangerous hobbies or adverse driving records) that are of underwriting significance. The codes are both highly confidential and proprietary to MIB. The continued protection of the confidentiality of these codes also benefits consumers. Put another way, MIB maintains the confidentiality of its codes in order to protect the privacy of those individuals who have MIB Consumer Files. The codes can be thought of as an "early" form of encryption so that this information, even if it were decoded, could not lead to identity theft or financial fraud.

AMR says: *“In addition to an individual’s credit history, data collected by the Medical Information Bureau (MIB) may include medical conditions, driving records, criminal activity, tobacco usage, alcoholism, drug addiction, participation in hazardous sports, sexual deviance, homosexuality, effeminate mannerisms, women’s questionable moral character, and personal or family genetic history, among other facts. Under questioning by a Senate Banking Committee, MIB’s former executive director and general counsel, Joseph C. Wilberding, revealed that the “other” category in MIB files has included information on “sexual deviation” (i.e., homosexuality, effeminate behaviors, bachelorhood, HIV acquisition, and a woman’s questionable “moral character” for giving birth out of wedlock), drug addiction, alcoholism and such hazardous hobbies as auto racing and flying....”*

Despite AMR's claims on its website, MIB does not have the following information in its database in the form of MIB codes or otherwise:

- Information on “sexual deviation (i.e., homosexuality, effeminate behaviors, bachelorhood, HIV acquisition, and a woman’s questionable “moral character” for giving birth out of wedlock)”;
- An individual’s credit history (other than a code signifying a recent bankruptcy); or
- Genetic test results.

MIB's members agree to share information of underwriting significance in the form of medical and avocation "codes," which are a simple form of encryption to protect the confidentiality of an individual's medical condition. Members report information to MIB using these proprietary and highly confidential codes to signify different medical conditions and other conditions (i.e., dangerous hobbies and adverse driving records) affecting the insurability of the proposed insured. These are conditions that have a significant impact on mortality (likelihood of death) or morbidity (likelihood of illness) and are reported under broad categories of medical histories or conditions. Medical records such as examination reports, attending physician statements, lab test results, x-rays, underwriting files and reasons for denial are not stored or maintained in MIB's database.

Under the Fair Credit Reporting Act, MIB is defined as a "nationwide specialty consumer reporting agency" because it is "consumer reporting agency" that issues "consumer reports" containing coded medical and avocational information, but not credit reports. An MIB Consumer File and a credit report are two very different kinds of "consumer report." For example, consumers may not obtain a credit score from MIB because MIB does not use any type of scoring system for credit or insurance eligibility.

With respect to the statement that MIB maintains codes relating to "HIV acquisition," MIB does not have a specific code dedicated exclusively for reporting HIV related test results. Instead, an HIV positive test result may only be reported to MIB using general codes that also cover various other conditions.

AMR says: *"Statistics indicate that approximately 50% of credit reports from the major credit reporting agencies (e.g., Equifax, Experian, and TransUnion) have errors on them. However, for consumer report files from the nationwide specialty credit reporting agencies for insurance (e.g., MIB, Ingenix, and Milliman) the number is unknown. Although no recent figures are available, it is estimated that about 5% - 10% of medical report files are inaccurate or contain errors. In 1996, the last year data is available, 3% of consumers who received their MIB report found inaccuracies."*

MIB and its 420 member companies are fully committed to ensuring that only accurate, timely, verified and complete information is reported to MIB. MIB has strict rules promoting the accuracy and integrity of the information that our members report to MIB. We provide training to members, we require members to perform an annual self-audit and we conduct field audits on a regular basis. Further, each member is required to adopt and implement internal procedures to cancel, correct or supplement any report when it discovers or otherwise receives information indicating that a report made by the member was inaccurate or incomplete. In addition, to avoid reporting obsolete information, MIB currently removes information reported by member insurance companies from MIB Consumer Files after 7 years except as otherwise required under applicable law.

Out of all the free disclosures that we provide to consumers, we find that only 1-2% of these Consumer Files have to be amended due to inaccurate or incomplete information. Based on the very low incidence of corrections that are made to MIB Consumer Files after consumers obtain

their free disclosure, we are confident that MIB Consumer Files are highly accurate and reflect the uncompromising efforts of MIB and its member companies to report information that is accurate, timely, verified and complete, as required by MIB's General Rules, Internal Procedural Rules and federal regulations (the Fair and Accurate Credit Transactions Act of 2003 ("FACTA")). Nevertheless, if you do not agree with the information in your MIB Consumer File (if any), you may request a reinvestigation. To learn more about how to do so, please visit [How to Dispute Your MIB Consumer File](#).

AMR says: *“The Massachusetts Public Interest Research Group (MASSPIRG) did a study on MIB and found numerous cases in which erroneous records in the company’s files had prevented people from getting insurance. In one case, said Josh Kratka, a MASSPIRG attorney, a Massachusetts man told his insurance company that he had been an alcoholic but had managed to remain sober for several years and that he regularly attended Alcoholics Anonymous. The insurance company denied him coverage and forwarded a code to MIB: “alcohol abuse; dangerous to health.” The next company the man applied to for insurance learned of the “alcohol abuse” through the Medical Information Bureau and charged the man a 25% higher rate.”*

MIB information does not, in and of itself, make someone uninsurable. MIB codes are only used as an alert, thereby prompting additional underwriting investigation. Moreover, MIB members (only MIB member companies have access to MIB information) are strictly forbidden from using MIB information as the sole basis for determining a consumer's eligibility for insurance. Many MIB codes do not provide enough detail for an underwriter to make a decision on whether to approve, deny or rate an application for insurance because they typically depict broad, general categories of medical histories or conditions. The codes have been described as "brief resumes," which simply act as "red flags" that alert member companies to the fact that information was obtained and then reported by a member company on a particular medical impairment or avocation risk significant to an individual's mortality or morbidity. In fact, underwriters from MIB member companies are prohibited under MIB's longstanding rules from making adverse underwriting decisions on the sole basis of a reported code. Instead, members are required to conduct a further investigation to obtain more information about the reported medical histories or conditions before making an adverse underwriting decision.

In addition, while MIB plays a critical role in an insurer's underwriting and risk classification process by ensuring the information on an application for coverage is accurate and complete, the decision to insure and set premium rates is borne solely by the MIB member company (and such decisions are not reported or disclosed to MIB). Insurance companies make every reasonable effort to offer coverage to as many people as possible, while ensuring that they adequately classify individuals according to the degree of risk they present. Charging appropriate premiums for insured risks allows insurers to remain financially strong so they can meet their long and short-term policy obligations to each and every policyholder.

Accordingly, with respect to the specific case highlighted above by AMR, if the member insurance company was alerted by MIB that Mr. Kratka may have had a history of alcohol abuse, the member company would have been obligated to conduct an investigation to confirm that

information before making any adverse underwriting decision. In other words, the company's decision to rate the application could not have been based solely on the information provided by MIB. MIB takes this restriction on the use of MIB information very, very seriously and it is one of the most important principles upon which MIB has successfully operated since 1902.

Further, if an insurance applicant answers an insurance application truthfully and completely (i.e., disclosing a history of alcohol abuse), then he or she should have no concerns about MIB. Put differently, if an individual fully discloses his or her medical history to the member insurer, then MIB does not alert the insurer to anything – the insurer already knows about the medical condition from the applicant's own application.

AMR says: *“The Medical Information Bureau Inc. (a/k/a, MIB, MIB Group Inc.) maintains a consumer “medical report” file for every consumer of life and health insurance.”*

You will not have an MIB Consumer File unless you have applied for individually underwritten life, health, disability income, long-term care or critical illness insurance within the past 7 years (or earlier depending on applicable law) and the insurance company to which you applied (or its reinsurer) was an MIB member company that submitted an MIB inquiry with your authorization. Therefore, you may not have an MIB Consumer File if: (i) you applied for insurance more than 7 years ago; or (ii) you applied for insurance that was not individually underwritten (for example, group insurance or guaranteed issue life, or ACA-based health insurance); or (iii) you applied to an insurance company that was not an MIB member.

AMR says: *“MIB refuses to provide a centralized, secure, online source for consumers to request, review, and dispute their medical report files.”*

MIB is firmly committed to the principle that every person is entitled to know the contents of his or her MIB Consumer File, if one exists. The federal Fair Credit Reporting Act (“FCRA”), as amended by the Fair and Accurate Credit Transactions Act of 2003 (“FACTA”), allows you to request free disclosure of your MIB Consumer File (“Disclosure”) once annually. Only you can request an MIB Consumer File on yourself.

In addition, in the event that you have received an adverse underwriting decision letter from an insurer indicating that an MIB record influenced the underwriting process which resulted in your application being rated or declined, then MIB will provide you with an additional free copy of your MIB Consumer File (in addition to your free annual copy).

Since 2012, MIB has offered consumers a secure online portal to request free annual disclosure of MIB Consumer Files (http://www.mib.com/request_your_record.html). In addition to MIB's secure online portal, you may also request your free annual disclosure by using: (i) MIB's toll free line at 866-692-6901; or (ii) MIB's request form (available at https://www.mib.com/webcontent/disclosure_form_us.pdf). If you would like to obtain your MIB Consumer File more than once per year, then you may do so at the minimal cost of only \$10.50 per request. Therefore, MIB offers a variety of options for requesting Disclosure of your MIB Consumer File. Please visit www.mib.com for more information.

Upon receipt of your request for Disclosure, and verification of your identity, MIB will initiate the disclosure process and provide you with a Disclosure letter that may include the following:

- Any medical and personal information that MIB has in its database about you as of the time of your request for Disclosure, along with the name of the MIB member company that reported the information to MIB and the date it was reported.

- The name of any MIB member company that:
 - (i) received a copy of the medical and personal information that MIB has in its database about you during either a three-year period preceding your request for Disclosure for U.S. consumers or a two-year period for Canadian consumers;

 - (ii) made an “inquiry” to MIB about you within the past two years; and

 - (iii) received a copy of a record showing the dates that other member companies made inquiries about you during either a three-year period preceding your request for Disclosure for U.S. consumers or a two-year period for Canadian consumers.

- In addition, if you previously applied for disability income insurance to an MIB member that subscribes to MIB’s Disability Insurance Record System (“DIRS”), this member may have reported information about the disability benefits for which you applied and the amount of coverage you already had in force.

The Disclosure letter will also advise you that you have the right to question the accuracy of the information in your MIB Consumer File and to seek correction of it in accordance with the procedures set forth in FCRA by writing to MIB. Indeed, the Disclosure letter includes a “Summary of Consumer Rights” under FCRA. Likewise, the MIB Post-Notice (designed to comply with the FCRA post-notice and often incorporated into the members’ adverse underwriting decision notice) will also advise you of your rights of access and correction.

When you dispute the accuracy of any item your MIB Consumer File, we contact the member company that reported information to MIB (the "furnisher") and the member company conducts an investigation (sometimes referred to as a "reinvestigation") to determine whether the disputed information was accurate and complete, as required by FCRA. MIB’s members follow MIB’s Internal Procedural Rules for cases of "disputed accuracy" and we also provide them with our Guide to Reinvestigation. Of course, the goal of all reinvestigations is to ensure that MIB Consumer Files are accurate and complete. For more information, please visit [How to Dispute Your MIB Consumer File](#).

We recommend that you visit our website (www.mib.com) to learn more about MIB's business model and come directly to us with any questions or concerns. Consumers can contact MIB directly at privacy@mib.com.