

Testimony of
Mrs. Shaneen Wahl

July 31, 2002

Good morning Mr.Chairman and members of this committee. I feel very special that you invited me to speak to you today.

My name is Shaneen Wahl I am about to turn 53 years old and soon thereafter will achieve my 6th year as a breast cancer survivor.

In the early 90's my husband's job as VP of sales and marketing for a large homebuilder ended. He was unable to find another acceptable job during the real estate crunch. Nobody wanted a guy in his mid 50's. We had been faithfully saving for our retirement since we were married over 27 years ago. We examined our finances and it appeared that we really would be able to retire early. We confirmed our determination with a financial planner. What, at first, had appeared to be a catastrophe turned out to be the beginning of our American dream.

We knew that as a part of retiring we would need health insurance so we purchased a policy in 1993 from American Medical Security. We bought an RV and began traveling. The dream had become a reality. The premium for our zero deductible policy in 1993 was \$194 a month. In September 1996 I was diagnosed as suffering from breast cancer. That was the beginning of our American nightmare. By the time of our 1998 renewal, the monthly premium had risen 300% to \$588. Late in 1998 we received a letter from American Medical Security telling us that our policy would be canceled, but if we would re-apply we would be guaranteed a new policy. So we did. At that next renewal we received notice that the monthly premium, for our new policy with a \$500 each deductible, would be \$1,180. I began making phone calls and writing letters. I could not believe what had just happened. I was told by Florida's Department of Insurance and other departments of insurance that they had no laws that would prohibit American Medical Security, or for that matter many other health insurers, from charging such predatory premiums. American Medical Security had chosen to circumvent Florida State regulatory and Federal laws by using a loophole in the Florida Insurance law to permit "Out of State" group health insurance companies to exempt themselves from regulation.

We bit the bullet and paid the \$1,180 each month since I could not go to another health insurance company because of my breast cancer history. Then in August of 2000 we received the next premium increase of \$1,881. That's over \$22,000 a year! I was livid. My husband and I drove to American Medical Security's home office in Green Bay, Wisconsin to challenge the increase since there was no one in government who could help me. I knew then that I couldn't just sit there and let this happen to us and other families. I had to do something. I became my own advocate and began my effort to get the laws changed. And that same determination is what brings me here today.

My hero, Florida's Commissioner of Insurance Tom Gallagher, has been working since 1993 to pass laws that would put a stop to the egregious tactics my insurance company is using. His hands have been tied due to aggressive lobbying by the health insurance companies and their deep pockets that allow them to hire the high priced corporate attorneys to fight any change to state laws.

Tom Gallagher is a hero, but the Department of Insurance initially lost its regulatory action

before an Administrative Law Judge. Last week Tom Gallagher suspended American Medical Security's license to do business in the State of Florida for one year. Commissioner Gallagher's action is a very positive move toward bringing insurers under the law. However, it really amounts only to a very, very large fine. It does nothing to help policyholders like me recover the millions of dollars lost due to American Medical Security's outrageous conduct.

My attorney, Jeff Liggio and his team won the Florida class action case against American Medical Security, and will recover the money we and the other members of the class lost as a result of the company's greed and misconduct. State class actions allow consumers to take on the big and powerful corporations. Class actions can and do accomplish what our statutorily and budget limited public servants, even the great ones like Tom Gallagher cannot.

As it is, people who have been wronged by these insurance companies are morbidly fearful of coming forward to complain. They think that they will be further penalized in their premiums if they do. Some even fear bodily harm. They also don't think that they have the means, by themselves, to take on these big insurance companies and their high priced corporate attorneys to fight for their rights and reimbursement of what they have lost.

If you take away the option of being able to use the vehicle of a state class action, or make it so difficult that it will no longer be a viable process, the people who are victims of corporate wrongdoing will be powerless and hushed even further...and that is what these insurance companies want. They want the people they have wronged to just disappear.

Thank you.

I would be happy to answer any questions.