

**MIB, Inc.**  
(MEDICAL INFORMATION BUREAU)  
160 UNIVERSITY AVENUE  
WESTWOOD, MASSACHUSETTS 02090  
PHONE (617) 329-4500 FAX (617) 329-3379

January 12, 1990

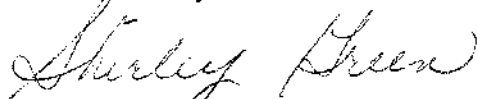
Simson Garfinkel  
P. O. Box 402  
Cambridge, MA 02142

Dear Mr. Garfinkel:

In response to your telephone inquiry, I am enclosing a one-page "MIB in Brief" and a four-page "MIB Fact Sheet".

If you have any questions after you have had the opportunity to review the enclosed material, please feel free to call Neil Day, President, at the above number.

Sincerely,



Shirley Green  
Administrative Assistant

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D6-12

Enclosures: MIB in Brief  
MIB Fact Sheet



**MIB, Inc.**

Medical Information Bureau, P.O. Box 801, Boston, MA 02103 (617) 329-4500

January, 1990

## **MIB FACT SHEET**

### **INTRODUCTION**

The following information is prepared as a concise and current fact sheet which describes MIB, Inc. as of the above date.

### **MIB IS A NON-PROFIT ASSOCIATION TO PREVENT FRAUD**

MIB, Inc., also known as the Medical Information Bureau, is a non-profit incorporated trade association of about 750 life insurance companies formed to conduct a confidential interchange of underwriting information among its members as an alert against fraud. This interchange enables MIB member companies to protect the interests of insurance consumers as well as the interests of life and health insurance providers.

### **BASIC PURPOSE IS TO REDUCE THE COST OF INSURANCE**

MIB was organized in 1902 by physicians who were medical directors of about 15 life insurance companies. These medical directors recognized that their respective companies had lost substantial sums where fraud was not detected. Such losses meant higher premiums which was not fair to the

vast majority of policyholders who were honest. What was needed was a system that would protect the honest consumers against higher premium costs which would be necessary if the forgetful or dishonest applicants were too often successful.

MIB's basic purpose was (and continues to be) to detect and deter fraud and misrepresentation in connection with the underwriting of life and health insurance and claims. The elimination or reduction of fraud improves conditions in the life insurance industry in several ways. First, MIB's fraud prevention activities tend to minimize public criticism of the industry, and fosters public confidence by providing assurance that the industry's products are sold in an honest marketplace. Second, by reducing the incidence of risk misclassification, it contributes importantly to the financial soundness of insurance arrangements, in which the entire industry shares an interest. Third, it advances an important public interest in establishing equitable apportionment of insurance costs among policyholders. Finally, it results in cost savings which are passed on to policyholders in the form of reduced premiums and increased policy dividends.

## **HOW MIB FUNCTIONS TO MEET THE BASIC PURPOSE**

Member companies are required to report a brief, coded resume to the MIB of the relevant results of the underwriting evaluation made at the time of application. Medical conditions are reported by using one or more of about 210 codes. Conditions most commonly reported include height and weight, blood pressure, EKG readings, and X-Rays, but only if the condition is significant to health or longevity. Sometimes, non-medical information of a very restricted nature regarding insurability may be reported. Non-medical codes are reported by using one or more of 5 codes. Significant, and therefore reportable, non-medical information includes adverse driving record, hazardous sports and aviation activity as confirmed by the applicant or official records. Member companies may not report information or action as to claims made on life, health and disability insurance.

In the interest of sound underwriting and to avoid unfair competitive practices, MIB coded information may not be used as a basis for establishing an applicant's eligibility for insurance. MIB information is used only to alert members to the possible need for further investigation. An MIB report does not indicate the action that may have been taken in regard to any application for insurance; therefore, an MIB report does not indicate whether an application for insurance is issued, rated or declined. In no case does an MIB report exist unless an insurance application has been made to a member company. All reports more than seven years old are automatically eliminated by computer edit.

## **MIB MEETS THE EXPECTATION OF CONFIDENTIALITY**

All information received by member companies through MIB is held in such manner as will maintain its confidential character. Only member companies may have access to MIB's record information; it is not released to non-member companies or to credit or consumer reporting agencies or to governmental agencies who do not have a court order or authorization from the consumer. In fact, it is released to a member company only after the consumer has signed a written authorization which permits that company to contact MIB as to a current, pending application for coverage requested by the consumer.

## **AVAILABILITY OF MIB DISCLOSURE AND CORRECTION PROCEDURES**

Legislators, regulators and courts have long recognized MIB as a reasonable business institution which must be subject to high standards of accuracy. As part of the application process, the consumer receives a written notice which describes MIB and its function. The notice also states a Boston phone and mail address (Post Office Box 105, Essex Station, Boston, MA 02112 and 617-426-3660) which a consumer may contact in order to obtain a copy of the consumer's MIB record, if any, or to seek a correction to the MIB record. Medical information is disclosed to a medical professional designated by the consumer. Non-medical information is disclosed to the consumer. In an average year, about 7,000 persons request disclosure and about 200 request corrections. These procedures were voluntarily established by MIB in 1971 and were patterned after Federal Law. In 1983,

the Federal Trade Commission and MIB agreed that MIB disclosure and correction procedures would be regulated by the FTC and that a few minor changes would be made to MIB Procedures.

## OVERVIEW

Throughout its history, the MIB system has effectively accomplished its basic purpose. Specifically, MIB helps to detect and deter fraud upon its members and their policyholders by proposed insureds and claimants who may omit or seek to conceal facts essential to accurate, proper and reasonable determination of insurance risks.

MIB's activities have been extensively reviewed by Federal and State legislators and regulators since 1965. Such review confirms that MIB is a reasonable balance between an individual's right to privacy and an insurers need for protection against fraud or omission. The MIB function is consistent with high standards of confidentiality, accuracy, relevancy and utilization of personal information.

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## OTHER MIB SYSTEMS

The principal function of MIB, Inc. is the operation of the Medical Information Bureau information exchange as described above. In addition, MIB operates four other systems which collectively represent about 9% of MIB activity.

In 1974, MIB began operating the Alpha Index System for about 30 members. In

essence, a subscriber uses the MIB automatic name matching system for location of its own internal records.

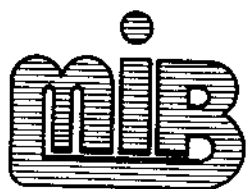
In 1980, MIB began operating the DIRS (Disability Insurance Record System) for about 80 subscribers who were concerned about individuals who might overinsure by purchasing disability policies from several insurers.

In 1986, MIB began operating the MIB-TRAN system which is now used by about 650 insurers; this system provides the ability to transmit messages between member companies and other organizations such as laboratories, reinsurers and inspection companies.

Finally, MIB is proud of its role in processing mortality and morbidity studies for the life insurance industry. In 1972, MIB offered MIB staff and computer equipment for use in industry studies which are useful to life insurers and of benefit to the medical profession and general public. The MIB Center for Medico-Actuarial Statistics (The Center) has assisted in three major studies and numerous special studies. Such studies are fully processed by MIB and are based on contributions of data submitted by groups of insurers. Such studies provide current information for purposes such as risk classification and research and the studies are made available to the insurance industry, the medical profession and the general public.

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### **MIB IN BRIEF**

The President of MIB, Inc., Neil Day, briefly describes the Medical Information Bureau (MIB) as follows:

- o A report made to MIB in 1986 of heart disease will alert an insurer who receives an application in 1989 that the applicant should admit and describe that history.
- o MIB provides an alert to MIB members as to applicants who may omit or attempt to conceal essential facts.
- o MIB reports are made by MIB members and are available to an MIB member with the written permission of the applicant.
- o MIB reports are not used as the basis for an underwriting decision to reject an application or to increase the cost of insurance.
- o Underwriting decisions are based on information from applicants and from medical professionals, hospitals, test labs or other facilities but not on MIB reports.
- o MIB supervises the exchange of MIB reports among 750 MIB members who are life insurance companies.
- o MIB helps to make sure that all applicants pay her or his fair share of costs for life or health coverage.
- o Each member furnishes each applicant with a written description of MIB and its review and correction procedures before an application is completed.
- o Any person or his or her medical professional can review or correct information in the person's MIB file.
- o Conditions significant to health or longevity such as overweight or hazardous sports are described by 210 medical codes and 5 non-medical codes.
- o Readers can contact the MIB Information Office (P. O. Box 105, Essex Station, Boston, MA 02112, 617-426-3660) with questions about MIB or its review and correction procedures.

January 24, 1990

Mr. Simson L. Garfinkel  
52 1/2 Pleasant Street  
Cambridge, MA 02139

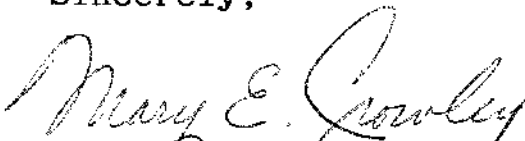
Dear Mr. Garfinkel:

We have made a careful search of our records and cannot find any medical information under your name.

However, our records do show that an inquiry was made by AMICA Life Insurance Company, Providence, RI on October 23, 1989. This information is retained in MIB's Insurance Activity Index (IAI). The IAI file is a limited two year data file made by MIB member companies. The identity of the inquiring member company is not disclosed when another MIB member company makes a subsequent inquiry. According to our records, no MIB member company has received a copy of your IAI file within the past six months.

This is the extent of the information maintained by MIB under your name.

Sincerely,

  
Mary E. Crowley, Manager  
MIB Information Office

MEC/rrv

## Presentation to Privacy Conference on March 29

Asked to provide a vision of ITS

Turn your clocks five years into the future

Wake up in the morning, come down for breakfast, turn on your information center monitor and tune to the weather channel. You think about how your information center really has great utility, combining what used to be your telephone, television and online computer service into one integrated system.

The weather channel has been a great success for a number of years now, demonstrating how the private sector (advertisers, value-added information providers, and communications companies (what used to be the local telephone and cable-TV companies)) can work together to sell useful information to people at a very reasonable cost.

It's about 33 degrees and there's precipitation falling, so you wonder what the roadway and traffic conditions are and tune to the transportation information channel. This is a relatively newer service that was first available through Prodigy's online service. It's modeled after the weather channel. The local transportation authorities' information gathering systems all provide travel information to a franchised private company, that, similar to the weather channel, adds value and delivers the information in useful ways. You note that a local auto repair shop advertisement features its convenience to public transportation and you remember that your car needs a tuneup.

What's really made the transportation channel useful recently is the interactive feature that allows you to query the system for only the information that is relevant to you.

You ask about the local freeway conditions and the system tells you that the roadway monitors along the freeway report icy conditions on bridges and overpasses. You ask about the expected length of time of your trip to work and it advises that it will take 40 minutes rather than the ordinary 25 minutes. It also suggests a public transportation alternative, but since you have planned to use your VISA smart card to do some shopping right after work, you can't take advantage of that today.

Since you have no time to lose, you immediately get in your car and begin the trip to work. You ask your in-vehicle real-time route guidance unit to plot your trip, and based on real-time information being broadcast via a cellular communications system by the same company that provides the transportation information channel, you note the system advises you to take the arterial paralleling the freeway to work. You wonder why, but only for a minute. The in-vehicle radio information service broadcasts that there has been an incident on the freeway. The State's freeway management system detected that a truck jackknifed on one of those icy bridges just a minute ago. They were immediately notified of its existence and exact location by the automated accident notification system that many carriers have found to be extremely cost beneficial. Traffic is being advised to divert to other routes. The system again advises that spaces at a park'n ride lot are available, and you mutter you wish you could take

advantage of it today.

The route guidance system takes you to the arterial and once you get on, you note that the green lights on the arterial seem to be unusually long. You remember watching a segment on the local government information channel recently on how the new traffic control system adapts to changing conditions and now you understand the usefulness of this concept.

Once you get past the point where the accident on the freeway occurred, the system advises you to get back on the freeway. You use the electronic toll collection lane and think how much more convenient it has been since you've been able to use your smart card for this and practically all other electronic cash transfers, including those times when you are able to use the bus. As you begin to merge, a warning goes off that causes you to check your side-view mirror again and see a vehicle has suddenly crossed into the lane in which you want to merge. You slow to let it pass, and are thankful that you chose the blind-spot warning system option in your new car.

As you approach the river crossing into town, your in-vehicle radio information system provides a verbal warning that fog near the river has greatly reduced visibility and traffic is slow. You note that a succession of overhead signs advise a reduction of speed from 45 mph to 35 mph to 25 mph, at which point you can only then see the outlines in the fog of slowed traffic on the bridge. You wonder about how many accidents such a system has prevented.

You cross the bridge safely and get off onto the local street system. Your in-vehicle route guidance system has advised that your usual parking garage still has spaces available and it directs you to it. The parking fee is also automatically debited from your smart card. You remember the old days when you had to carry a lot more cash than you do now.

Your trip took 45 minutes total, longer than normal, but not bad, you think, given the weather conditions and the accident on the freeway. You hope the trip back home will be easier, and are reassured knowing that you can use your computer system at work to check on conditions before you leave, just as you did that morning.

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