

February 7, 2008

Craig Dixon

Via Email and UPS

Bureau Chief

State of California, Department of Insurance

300 South Spring Street, 11th Floor

Los Angeles, CA 90013

RE: Public Report (pursuant to Insurance Code Section 12938) of the Market Conduct Examination of the Claims Practice of the PacifiCare Life & Health Insurance Company NAIC #70785 CDI #3086-6 as of May 31, 2007 (“Public Report”)

Dear Mr. Dixon:

PacifiCare Life and Health Insurance Company (“PacifiCare” or the “Company”) appreciates the opportunity to respond to the Public Report issued by the California Department of Insurance (“CDI” or the “Department”). The Company respectfully submits the following response to the Public Report within the required 10-day timeframe as cited in California Insurance Code (“CIC”) section 12938 and in accordance with California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5, Article 2, §2695.30.

PacifiCare takes seriously its responsibility to work with physicians and hospitals to serve our approximately 130,000 commercial enrollees effectively and efficiently. PacifiCare and UnitedHealth Group, the Company’s ultimate parent, are fully committed to resolving the issues raised by the Department in the Public Report through application of necessary resources (including staffing, information technology systems and funding) to ensure compliance with the California Insurance Code and related regulations.

PacifiCare Life and Health Insurance Company
Response to 2007 California DOI Public Report
February 7, 2008

Any problems that did occur were neither knowingly committed nor part of a general business practice. Therefore, PacifiCare disputes each and every alleged violation of CIC Section 790.03 and California Code of Regulations section 2695 et seq. as set forth in the Public Report.

PacifiCare is working collaboratively with the Department to resolve the issues identified in the Public Report. UnitedHealth Group and PacifiCare share the Department's commitment to ensuring that Californians have access to quality, affordable health care. UnitedHealth Group affirms its commitment to equipping the Company with necessary resources to deliver such care in California and, with regard to PacifiCare, believes that local accountability remains a significant force in the relationship between consumers and their health plans.

In closing, we believe the actions taken to date, or currently underway, will greatly contribute to our mission to provide our customers and partners in the State of California with consistent, high quality service. We hope this communication fully addresses the issues raised in your report, and we stand ready to respond rapidly to any further inquiries.

Sincerely,

Susan L. Berkel
Chief Financial Officer
PacifiCare Life and Health Insurance Company

cc: Joy Higa, Vice President, Regulatory Affairs
Nancy Monk, Vice President, Regulatory & Government Affairs