

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF DELAWARE**

<b>IN THE MATTER OF:</b>	:	
	:	
<b>NATIONAL HEALTH INSURANCE COMPANY</b>	:	<b>Docket No.:</b>
<b>2200 Highway 121</b>	:	
<b>Bedford, TX 76021</b>	:	
<b>NAIC #82538</b>	:	

**STIPULATION AND CONSENT ORDER**

**THIS STIPULATION AND CONSENT ORDER** is entered into as of May \_\_\_, 2016, by and between National Health Insurance Company (the “Respondent”) and the State of Delaware Department of Insurance (the “Department”).

**WHEREAS**, Respondent is a Texas domiciled life, accident and health insurance company licensed in every state and jurisdiction except Florida and New York; and

**WHEREAS**, the Department, through its examiners, conducted a targeted market conduct examination #82538-15-753 (the “Examination”) of Respondent’s affairs and practices related to its health business with respect to company operations and management, complaint handling, marketing and sales, producer licensing and underwriting and rating; and

**WHEREAS**, the Department, through its examiners, prepared and provided to Respondent for review and comments draft versions of a report of the Examination; and

**WHEREAS**, Respondent has discussed the findings in the Examination with the Department and provided comments; and

**WHEREAS**, after considering Respondent’s comments, the Department, through its examiners, has prepared a final report of the Examination dated May 31, 2015 (the “Final Examination Report”); and

**WHEREAS**, among other findings contained in the Final Examination Report, the Department concluded that the following violations occurred (the "Violations"):

- One (1) violation of 18 *Del. C.* §2304(11) (false statements and entries) for willfully allowing an applicant to make false statements on an application;
- Ten (10) violations of 18 *Del. C.* §2304(16)(a) (misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue) for failure to provide pertinent facts or insurance policy provisions relating to coverage;
- Five (5) violations of 18 *Del. C.* §1715(b) (appointments) for failure to file notice of appointment within 15 days from the date the agency contract is executed or the first application is submitted; and

**WHEREAS**, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action.

**NOW, THEREFORE, IT IS AGREED**, by and between Respondent and the Department as follows:

1. Respondent accepts the Final Examination Report, waives any right to a hearing thereon, and agrees that the Department may file the Final Examination Report without any further modifications.
2. Upon its execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty in the total amount of \$25,000 (the "Administrative Penalty") on account of the Violations.
3. Respondent shall make its check for the Administrative Penalty payable to the "State of Delaware."
4. Respondent shall maintain copies of voice recordings of all agent telephone calls and the Department shall perform a follow up to review those recordings at any time within 12 months of

the date of this Stipulation and Consent Order. Respondent's failure to maintain copies of voice recordings of all agent telephone calls shall constitute a violation of this Stipulation and Consent Order.

5. The Department further reserves the right to issue a press release and send a letter to Respondent's policyholders concerning the terms of this Stipulation and Consent Order and such other related matters as the Department shall deem appropriate. Upon request by the Department, Respondent shall provide the Department with updated contact information for the policyholders.

6. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

7. This Stipulation and Consent Order is the free and voluntary act of the Respondent and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

8. This Stipulation and Consent Order contains all terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department with respect to the Examination.

9. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

10. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

