

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of the Certificate of Authority of
National Health Insurance Company, Grand
Prairie, Texas

)

AMENDED
SUSPENSION ORDER
Case No. INS 04-03-010

The Director of the Department of Consumer and Business Services (Director) amends the
Suspension Order dated March 11, 2004, issued in this proceeding to read as follows:

INTRODUCTION

The Director hereby issues a Suspension Order to National Health Insurance Company
(NATIONAL HEALTH) under Oregon Revised Statutes (ORS) 731.256 and 731.414 because the
Director has reason to believe the following:

FINDINGS OF FACT

Since August 13, 1981, NATIONAL HEALTH, a Texas corporation, has been issued a
certificate of authority pursuant to ORS 731.402. It is currently authorized to transact life and health
insurance within the state of Oregon.

On or about March 1, 2004, NATIONAL HEALTH filed financial statements reflecting capital
and surplus of (\$941,573) as of December 31, 2003.

On or about May 13, 2004, NATIONAL HEALTH filed financial statements reflecting capital
and surplus of \$1,227,790 as of March 31, 2004.

ULTIMATE FINDINGS OF FACT

NATIONAL HEALTH did not maintain at least \$2.5 million in capital and surplus, or any
combination thereof, as required by ORS 731.554.

CONCLUSIONS OF LAW

NATIONAL HEALTH did not comply with the minimum capital and surplus requirement of ORS 731.554(1) for a certificate of authority.

Such condition is a ground under ORS 731.414(1)(a) for suspending an insurer's certificate of authority without a hearing under ORS 731.414(2).

ORDER

Pursuant to ORS 731.414, the Oregon certificate of authority issued to NATIONAL HEALTH is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Director, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, NATIONAL HEALTH shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. NATIONAL HEALTH shall file its annual financial statement and pay any fees and taxes required to be paid. NATIONAL HEALTH shall renew and service any existing policies of insurance issued to persons residing in Oregon in accordance with Oregon law.

Pursuant to ORS 731.422(2), the authority of all agents to represent NATIONAL HEALTH within the state of Oregon is also suspended. The period of suspension shall be for the same period that the certificate of authority issued to NATIONAL HEALTH is suspended. During the period of suspension, an agent may represent NATIONAL HEALTH only to the extent that NATIONAL HEALTH may service any existing policies of insurance issued to persons residing in Oregon and that NATIONAL HEALTH has authorized the agent to represent it.

Issued in duplicate the 18th day of May 2004.



Cory Streisinger
Director
Insurance Commissioner
Department of Consumer and Business Services

NOTICE

You are entitled to a hearing under ORS 183.415. You may be represented at a hearing by an attorney licensed in Oregon. If you want a hearing, you must deliver or mail a written request for a hearing to the Director addressed to Insurance Division, Hearings Section, 350 Winter Street NE Room 440-6, Salem, Oregon 97301. The written request must be received by the Director within 21 calendar days after the date this order is delivered or mailed to you.

If you request a hearing within the time allowed, then you will be notified of the time and location of the hearing and information regarding contested case proceedings before the Director.

If you do not request a hearing within the time allowed, then you will waive your right to a hearing. Also, if you do not request a hearing within the time allowed, or if you do not appear at a scheduled hearing, then this order shall become final.