STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: NATIONAL HEALTH INSURANCE COMPANY, Respondent.	Case No. INS-19-0059 ORDER TO CEASE AND DESIST, FINAL ORDER ASSESSING CIVIL PENALTY AND CONSENT TO ENTRY OF ORDER THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), has conducted an investigation into the insurance related activities of National Health Insurance Company ("Respondent").

Respondent submits to the Director's jurisdiction and agrees to waive its rights to notice and an administrative hearing that arise under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Final Order.

Now, therefore, as evidenced by the authorized signatures subscribed on this document, the Director issues the following Findings of Fact, Conclusions of Law, and Final Order.

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Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed as a foreign insurer since August 13, 1981 and provides life insurance and health insurance products in Oregon. Respondent's principal

place of business is 4455 LBJ Freeway, Suite 375, Dallas, TX 75244 and its National Association of Insurance Commissioners company code is 82538.

2. From September 1, 2017 through December 14, 2018, Respondent issued 2,799 individual short term health insurance policies ("Renewal Policies") to Oregon consumers within 60 days after the expiration of a previously issued individual short term health insurance policy ("Original Policy") to the respective policy holder. Taken together, each consecutively issued Original Policy plus Renewal Policy (hereinafter to be referred to as "Short Term Policies") were for a period of more than three months.

3. Each Short Term Policy did not cover all essential health benefits as required by ORS 743B.125(3).

4. Each Short Term Policy imposed annual or lifetime limits on the dollar amount of essential health benefits.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

5. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order, directed to such person, to discontinue or desist from such violation or threatened violation.

6. Pursuant to ORS 743B.005(16)(b)(H), health benefit plan does not include short term health insurance policies that are in effect for periods of three months or less, including the term of a renewal of the policy.

7. Pursuant to ORS 743B.005(16)(c), renewal of a short term health insurance policy includes the issuance of a new short term health insurance policy by an insurer to a policyholder within 60 days after the expiration of a policy previously issued by the insurer to the policyholder.

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8. Because the Short Term Policies described in Paragraph 2 were for periods of more than three months, the policies were not excluded from the definition of health benefit plan and therefore must comply with all requirements of a health benefit plan.

9. Pursuant to ORS 743B.125(3), an individual health benefit plan other than a grandfathered health plan must cover, at a minimum, all essential health benefits.

10. Each of the 2,799 Short Term Policies was in violation of ORS 743B.125(3) for not covering all essential health benefits.

11. Pursuant to ORS 743B.125(8), an individual health benefit plan may not impose annual or lifetime limits on the dollar amount of essential health benefits.

12. Each of the 2,799 Short Term Policies was in violation of ORS 743B.125(8) for imposing annual or lifetime limits on the dollar amount of essential health benefits.

13. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to $10,000 per violation upon any individual who violates a provision of the Insurance Code.

ORDERS

Now therefore, the Director issues the following Orders:

14. As authorized by ORS 731.252(1), the Director ORDERS Respondent to CEASE AND DESIST from violating ORS 743B.125(3) and ORS 743B.125(8).

15. Based upon the foregoing and as authorized by ORS 731.988(1), the Director ORDERS that Respondent pay a CIVIL PENALTY of $200,000 for violations of ORS 743B.125(3) and ORS 743B.125(8).

16. The Director SUSPENDS the collection of $50,000 of the total CIVIL PENALTY assessed above so long as Respondent complies with all terms and conditions of this Order and all requirements of the Insurance Code and any administrative rules promulgated thereunder. If, during the period of two years after the effective date of this

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Order, Respondent complies with the terms of this Order and the Director has not initiated an enforcement action for new violations of the same provisions of the Insurance Code identified in this Order, the Director WAIVES the collection of the suspended CIVIL PENALTY assessed herein.

17. The remaining $150,000 CIVIL PENALTY assessed herein, that has not been suspended, is due and payable at the time this Order is returned to the Division.

18. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

SO ORDERED this 27th day of April, 2020.

ANDREW R. STOLFI, Acting Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Michael Weiner, state that I am an officer of National Health Insurance Company and I am authorized to act on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. National Health Insurance Company voluntarily and without any force or duress consents to the entry of this Order expressly waiving any right to a hearing in this matter. National Health Insurance Company understands that the Director reserves the right to take further actions to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code. National Health Insurance Company will fully comply with the terms and conditions stated herein.

National Health Insurance Company understands that this Order is a public document.

/s/ Michael Weiner 04/20/2020
Signature Date

Michael Weiner
Printed name

Chief Financial Officer
Office held

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