

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of the)
National Health Insurance Company) Docket No. 3333-CO

CONSENT ORDER

Pursuant to the authority granted the Commissioner of Insurance by Kansas Statutes Annotated (K.S.A.) 40-222, K.S.A. 40-222b, and K.S.A. 40-222d, and in accordance with the Kansas Administrative Procedure Act, K.S.A. 77-501, et seq.,

I, Sandy Praeger, the duly elected, qualified, and acting Commissioner of Insurance of the State of Kansas, hereby make the following findings of fact, conclusions of law, and order, to wit:

Findings of Fact

1. National Health Insurance Company is an insurance company incorporated under the laws of the State of Texas.
2. National Health Insurance Company was admitted to transact the business of insurance in the State of Kansas on August 5, 1982, pursuant to the authority of K.S.A. 40-402.
3. The Commissioner of Insurance of the State of Kansas has jurisdiction over the subject matter of this proceeding and over the operation of National Health Insurance Company in this state, and this proceeding is in the public interest.
4. The Annual Statement of the National Health Insurance Company for the year ended December 31, 2003 indicates National Health Insurance Company’s pure surplus was \$(941,573), which was \$1,541,573 below the state’s minimum surplus requirement of \$600,000 pursuant to K.S.A. 402.

5. The financial condition of National Health Insurance Company is such that the continued operation of the company in this state is hazardous to the insuring public pursuant to K.S.A. 40-222, K.S.A. 40-222b, and K.S.A. 222d.

6. The Commissioner of Insurance of the State of Texas placed National Health Insurance Company under confidential conservatorship on March 8, 2004 and appointed a conservator.

7. National Health Insurance Company waives its right to an administrative hearing in accordance with the provisions of the Kansas Administrative Procedures Act, K.S.A. 77-501, et seq., and consents to these findings of fact and the following order of the Commissioner.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. The Certificate of Authority of National Health Insurance Company is hereby suspended effective the date of this Consent Order. Said suspension will continue until such time as the Commissioner of Insurance determines the company is no longer in a hazardous financial condition.

2. National Health Insurance Company will refrain from writing any new direct business in the State of Kansas.

3. National Health Insurance Company shall refrain from entering into any new or renewal reinsurance contracts of any kind with a Kansas domiciled insurance company.

4. National Health Insurance Company may petition the Commissioner of Insurance to modify the provisions of the Consent Order at any time by a written request demonstrating the hazardous financial condition of the company has been rectified.

5. The Commissioner of Insurance retains jurisdiction in this matter and for the purpose of entering such further order or orders as may be deemed proper and necessary.

Notice Of Rights

This Consent Order constitutes final agency action. In the event the Company files a petition for judicial review, pursuant to K.S.A. 77-613, the agency officer to be served on behalf of the Kansas Insurance Department is:

John Campbell, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

**IT IS SO ORDERED THIS 22nd DAY OF JULY, 2004, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.**



/s/ Sandy Praeger _____
Sandy Praeger
Commissioner of Insurance
BY:

/s/ John W. Campbell _____
John W. Campbell
General Counsel

/s/ James A. Guillot _____
James A. Guillot
Acting Conservator of National Health Insurance Company
Texas Department of Insurance