

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.

11. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

12. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferors, or assigns.

NATIONAL HEALTH INSURANCE
COMPANY

Jeffrey Weissman
Name: Jeffrey Weissman
Title: General Counsel & Secretary

DELAWARE INSURANCE
DEPARTMENT

Karen Weldin Stewart, CIR-ML
Name: Karen Weldin Stewart, CIR-ML
Insurance Commissioner

STATE OF New York)
) SS.
COUNTY OF New York)

The foregoing instrument was acknowledged before me this 11 day of May 2016, by Jeffrey Weissman, who is personally known to me or who has produced _____ as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Christina Cappello
NOTARY PUBLIC

CHRISTINA CAPPELLO
NOTARY PUBLIC-STATE OF NEW YORK
No. 01CA6324815
Qualified In New York County
My Commission Expires May 11, 2019