



NATIONAL HEALTH INSURANCE COMPANY

Date: March 1, 2010
From: Marketing
Subject: **Changes to the E app System & the Underwriting Guidelines**

Please Read....Important changes to the Underwriting Guidelines and the Electronic Application System

National Health Insurance Company is very **excited** to announce that we have updated both the underwriting guidelines and the Electronic Application System that will allow you the ability to offer rate ups, condition specific deductibles or elimination riders for numerous conditions. The new underwriting guidelines illustrate which conditions this is applicable to, therefore giving you more flexibility for you and the customers to customize the plan based on their particular health situations and needs.

In addition, any medical conditions that are fully disclosed and not specifically excluded in the insurance certificate or an amendatory endorsement are not considered pre-existing conditions. By offering a condition specific deductible or a rate up without an elimination rider allows a fully disclosed condition to be covered as of the effective date of the certificate.

The Condition Specific Deductible (CSD) will now have two options; those are either a \$5,000 or \$10,000 CSD option. They will apply to the base and the EOMB deductible. The CSD we have offered in the past did not apply to the EOMB and will no longer be available. We believe this will allow more flexibility for clients who do not want an exclusionary rider or rate up. It does not disqualify them from enjoying the benefit of the Out Patient Physician Visit Benefit.

Some changes to the underwriting guidelines include but may not be limited to:

- Page 2 - Exclusionary waivers review timeline
- Page 4 – Important Notes regarding rate-ups, verification calls and requested effective dates
- Page 6 – Changes to the Condition Specific Deductible that includes EOMB
- Page 7 - pending underwriting requirement legend to detail the reason a case is pending

Below is an example that illustrates how these modifications to the Electronic Application System work.

In the example below, the new E app screen will ask the agent for information allowing them to add the underwriting options that are available and allow for changes to the base plan or enhanced outpatient medical benefit deductible in order to meet the client's premium needs. The premiums will be updated immediately so the agent can give an accurate quote.

In the scenario below the applicant applied for a \$5,000 base plan deductible and a \$1,000 EOMB deductible. However after reviewing the underwriting guide for type 1 Asthma under age 45 the choices are:

- Offer an elimination exclusionary rider for the condition or;
- Increase the EOMB to \$1,500 (Which will affect all applicants on the application) or;
- Rate up 20% on the applicable person

In this scenario, the agent chose to offer an increase in the EOMB raising it to \$1,500. The client was also interested in lowering their premium so the agent quoted them a \$5,000 base plan deductible.

National Health Insurance Company E-App

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Select Plan
Membership Benefits
Address
Primary & Spouse
Dependents
Citizen
Questions

Asthma
Select all who have this condition
 Dan Mary
Please answer the following questions about this condition for Mary
Condition asthma When Did? 02/07
Medic taken - regularly Intermittently How often? Once a week
Any oral steroids? (prednisone) Yes No
Ever hospitalized or ER visit? Yes No How long?
Frequency of attacks: Once a Month How many?
Dr's name and address: Dr. Collet Released from Doctor care? Yes No

You can select the Underwriting Guide with only one click, of you mouse. This will help you determine the best options for the applicant.

Please indicate requested underwriting option below as listed in the **UW Guide**

Elimination Rider
 Rate-Up %
 No special Underwriting Option Requested

Condition Specific Deductible: None \$5,000 \$10,000 \$15,000 CSD includes EOMB

Base Plan Deductible** \$4,000 \$5,000 \$10,000 \$15,000 \$25,000

Out Patient Deductible** \$1,500 \$2,000 \$2,500 \$5,000 \$10,000

** Changes in either the Base Plan Deductible or the Out Patient Deductible will result in a change for all insured's included on this policy.

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