

# **Questions and answers concerning the National States Insurance Company liquidation**

## **General information about National States Insurance Company**

National States Insurance Company primarily wrote long-term care, medicare supplement, life and health insurance policies and had licenses to sell them in 37 states: Alabama; Arizona; Arkansas; Colorado; Florida; Georgia; Idaho; Illinois; Indiana; Iowa; Kansas; Kentucky; Louisiana; Maryland; Michigan; Minnesota; Mississippi; Missouri; Montana; Nebraska; Nevada; New Mexico; North Carolina; North Dakota; Ohio; Oklahoma; Oregon; Pennsylvania; South Carolina; South Dakota; Tennessee; Texas; Utah; Virginia; Washington; West Virginia and Wisconsin.

## **When did National States go into rehabilitation and then on to liquidation?**

On April 1, 2010, the Circuit Court of Cole County, Missouri, issued an order of rehabilitation against National States Insurance Company and appointed John M. Huff, the director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (DIFP), as rehabilitator. The rehabilitation order was consented to by the Board of Directors of National States. This action was taken as a result of the company's deteriorating financial condition and to protect the interests of the company's policyholders. On November 15, 2010 the Court issued an order of liquidation against National States.

## **Why did the company go into liquidation and how does it work?**

When the rehabilitator assumed management of National States, he attempted to correct existing problems. However, the company's financial condition had deteriorated to where it could no longer meet its obligations over the long term. When the rehabilitator determined that the company could not be rehabilitated, he petitioned the court to declare the company insolvent and to enter an order of liquidation.

When the order of liquidation was entered, the director was appointed as liquidator. The liquidator is now responsible for collecting National States assets and distributing them in accordance with the terms and provisions of the Missouri Liquidation Act. The liquidation order also triggered the Guaranty Associations to provide continuing coverage, subject to the applicable statutory limitations.

## **What is a Guaranty Association?**

State life and health insurance guaranty associations are entities, in all 50 states as well as Puerto Rico and the District of Columbia, created by the respective state statutes to protect policyholders of an insolvent insurance company, typically in that individual state. All insurance companies licensed to sell life or health insurance in a state must be members of that state's Guaranty Association.

## **What are the benefit amounts covered by the Guaranty Association in my state?**

While Guaranty Associations provide protection to all covered policyholders in their respective states, there are limits to this. These limits, which are determined according to specific state law, typically range from \$100,000 to \$300,000 for life insurance death benefits and from \$100,000 to \$500,000 for various types of health benefits. In Missouri, the aggregate limit for all claims under all types of health policies is \$100,000. The limits for life insurance policies are \$300,000 for a death benefit and \$100,000 for cash values.

## **Is long-term care (LTC) insurance covered by the Guaranty Associations?**

Yes. Long-term care (LTC) insurance is typically considered health insurance for guaranty coverage purposes. In Missouri, long-term care insurance is covered in the same manner as any other health policy.

## **Claim questions**

### **Are claims being paid?**

Yes. To the extent they are covered by a Guaranty Association, claims incurred prior to a policy's termination date will still be processed and paid. In addition, claims incurred after liquidation will also be paid per policy provisions to the extent covered by a Guaranty Association. **Claims should be submitted as usual**, and claimants will be notified if there is any problem.

## **Will there be any delay in claims being paid?**

There may be an initial delay in paying claims after which covered claims will be paid in the ordinary course of business. There should be no delay in payment of long-term care claims assumed and administered by United Security Assurance (USA) or Medicare Supplement policy claims assumed and administered by Oxford Life Insurance Company or North American Insurance Company.

## **What is the claim approval process?**

Policyholders should continue to submit their claims to National States' claim department in St. Louis, Missouri. National States personnel will coordinate with the respective Guaranty Associations and will notify you if there are any questions or if additional information is needed to process your claim.

## **Policy questions**

### **Should I still pay my premiums?**

It is vital that policyholders wishing to continue their coverage continue to pay their premiums. Once premium payments cease, only claims with service dates prior to the termination date will be provided coverage. If your payments are stopped your coverage may be limited or terminated entirely. At this time, there is no change to the method by which your premiums were being paid, so continue using the same payment method, including automatic electronic funds payments.

### **What if I have a health insurance policy?**

To the extent health insurance policies were not cancelled prior to the Liquidation Order, it is anticipated that the Guaranty Associations will commence cancellation of cancellable policies in accordance with the specific statutes applicable to the Guaranty Association coverage. If your health insurance policy is being cancelled, it is anticipated that you will receive notice of that cancellation shortly.

### **What about surrendering my policy?**

Surrenders should be submitted as usual for processing and review. While the policies are still subject to review, it currently appears that most, if not all, of the benefit amounts under National States policies are under the Guaranty Association statutory limits.

## **What if I change banks and want to continue automatic electronic funds payments?**

Please submit the proper form supplied by National States and provide a blank voided check for applicable bank drafts. Send your request to the Receiver using the contact information below.

## **What if I need to change my address?**

Any address changes must be received in writing. Once your request is received, National States' accounting department will update their records. Send changes to the Receiver using the contact information below.

## **What if I want to change my beneficiary?**

Requests to change your beneficiary must be submitted on the proper form. Your request will be processed in accordance with the policy after it is received. Send changes to the Receiver using the contact information below.

## **Who do I call or contact with questions?**

You can contact the Receiver at:

**National States Insurance Company**

1830 Craig Park Court, Suite 100

St. Louis, MO 63146

Phone: 314-878-0101 or 800-868-6788

Fax: 314-878-8118

Web: [www.nstates.com](http://www.nstates.com) or [www.nstates.com/faq.asp](http://www.nstates.com/faq.asp)