

Axis Insurance

\$9 million Health Net Ruling Has Deep Implications for Providers, Agents & Consumers of Health Insurance

Health Net, one of California's largest for-profit insurers, was recently ordered to pay \$9 million to a cancer patient whose health insurance policy was canceled while being treated for her condition. This ruling, by private arbitration, is significant on many levels, but must be considered in the proper context before a meaningful dialogue can take place

On the surface, it looks as if a major insurance company arbitrarily cancelled the coverage of an unfortunate soul facing a terrifying ordeal, the outcome of which is unknown. However, the facts of this particular case are much broader than reported. It would be inappropriate of me to offer a personal perspective, so I will offer some general observations for your consideration.

As an insurance agent, I am pleased with the ruling, but not for the reason that you may think. The fact that the system pushed back and a ruling was made as a result of arbitration is the way it ought to be. Every party to the transaction was allowed to present the facts as they saw them, and there was agreement to accept the ruling as binding.

Going forward, everybody benefits.....

For example;

- Insurance companies will take a careful look at their underwriting methods, or at least, adhere, without exception, to existing guidelines.
- Agents will understand the importance of conducting business with integrity and skill.
- Applicants will be properly advised through every step of the plan selection and enrollment process.

The vast majority of Americans obtain their coverage through employers. Such coverage is generally offered on a guarantee-issue basis.

Others apply for coverage privately (individual and family plans). However, submitting an application for coverage is just that, an application, and as such, there is no guarantee of acceptance.

This drives us back to the importance of properly advising the proposed insured, whether they are obtaining coverage on a guaranteed issue basis through an employer-sponsored plan, or applying for coverage privately.

I cannot indict or validate the respective roles of the agent, applicant or insurance carrier in this particular case, as I have only limited access to details. While the public record

suggests that mistakes were made throughout the process, there are not enough details available to confirm whether information that was provided to the insurance company during the application process was intentionally misleading or simply the result of an honest exchange of information between all parties.

While I cannot speak to the merits of this particular matter, I can state with complete certainty, that the healthcare distribution system as we know it, operates as it should when integrity, attention to detail and full disclosure are applied without prejudice. All three of these must be applied to every insurance transaction.

At Axis Insurance Agency, we recognize our obligation to the companies that appoint us to conduct business on their behalf, as well as the clients that engage us to advise them on matters pertaining to risk management (person or property).

We conduct our business in an open and transparent manner at all times, and believe that doing so is best for all concerned.

As brokers, we are committed to advising our clients in an impartial and objective manner. We place business with insurance companies that offer the products, services and administrative support that are best suited to the client's needs.

As you choose a particular agent or agency, please take the time and effort necessary to confirm that they are committed to conducting business in this manner. After all, we're talking about life and death here, so this is serious business!

Once again, thank you for your continued support.

Yours Truly,

A handwritten signature in black ink, appearing to read 'Alex Fernandez', with a stylized flourish at the end.

Alex Fernandez
President and CEO
Axis Insurance Agency, Inc.