

BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF)
HEALTH CARE SERVICE CORPORATION,) CONSENT ORDER
A MUTUAL LEGAL RESERVE COMPANY)

In resolution of the above titled matter and in lieu of administrative action concerning compliance with the insurance laws of the State of South Dakota, the undersigned parties do hereby agree to the following:

HEALTH CARE SERVICE CORPORATION, A MUTUAL LEGAL RESERVE COMPANY (hereafter "HCSC") whose address of record is 300 E. Randolph St., Chicago, IL 60601 is an entity that has applied to renew their TPA license in the State of South Dakota;

HCSC is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation regarding their activity in this state;

The Division alleges the following with regard to HCSC:

- 1) HCSC submitted a TPA renewal application on April 25, 2022;
- 2) HCSC's prior TPA registration expired on July 1, 2020 and HCSC continued operating in South Dakota, in violation SDCL § 58-29D-21;
- 3) HCSC adjudicated a total of 460,017 claims in South Dakota without a valid TPA registration, violation SDCL § 58-29D-21;
- 4) HCSC had previously violated SDCL § 58-29D-21 when it allowed its TPA registration to lapse on July 1, 2016;
- 5) Pursuant to SDCL §§ 58-4-7, 58-29D-21, & 58-29D-33, the Director of the Division may deny HCSC's TPA renewal application or issue a monetary penalty of up to \$25,000 per violation, for any of the above-cited reasons.

HCSC is aware of and understands the nature of the allegations and has been informed that it has the right to a Notice of Hearing, counsel and appeal and that by agreeing to sign this Consent Order, and it affirmatively waives these rights;

In return for HCSC agreeing to and complying with the provisions of this Consent Order, the Division agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL § 1-26-20;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, HCSC waives its right to contest the allegations contained in this Consent Order in any future actions or licensing procedures with the Division;

HCSC agrees to pay \$60,000 pursuant to SDCL §§ 58-29D-31 and 58-4-28.1, in lieu of a Final Order and further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota;

HCSC further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED HCSC pay a monetary penalty in the amount of \$60,000 payable to "South Dakota Division of Insurance" to be submitted with this completed Consent Order for deposit in the general fund of the State of South Dakota; and it is further

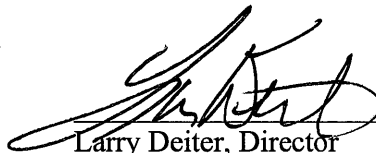
ORDERED that HCSC abide by the agreements made by it in this Consent Order; and it is further

ORDERED that the TPA renewal application of HCSC, which was submitted on June 2, 2022 is hereby approved as of the date it was received, and HCSC will need to renew their TPA registration again on or before July 1, 2024; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 14th day of September, 2023.



Larry Deiter, Director
South Dakota Division of Insurance

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The undersigned, on behalf of HCSC, represents it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enter into this Consent Order.

Dated this 21st day of August, 2023.

DocuSigned by:
Catherine Nelson
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Signature of Authorized Representative

Catherine Nelson

Printed Name

SVP & Chief Legal Officer

Title