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

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

CONSENT ORDER

In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

HEALTH CARE SERVICE CORPORATION, A MUTUAL LEGAL RESERVE COMPANY ("HCSC"), whose address of record is 300 E. Randolph St., Chicago, IL 60601, is an applicant for a third party administrator ("TPA") license in the State of South Dakota;

HCSC is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation of its insurance-related activities in the State of South Dakota;

The Division has alleged the following:

1) HCSC has operated for an indeterminate amount of time in South Dakota, administering self-funded group plans situated outside of South Dakota that have at least 14,017 South Dakota resident members;

2) Because HCSC administers plans for members residing in South Dakota, the Division has determined that HCSC has acted in the capacity of a TPA;

3) HCSC does not hold a TPA license in the State of South Dakota, in violation of SDCL § 58-29D-21;

4) Due to the above, the Division has required that HCSC apply for a TPA license;

5) HCSC submitted a TPA License Application on March 15, 2013;

6) Due to the foregoing violation, the Division has grounds to deny HCSC's TPA License Application;

HCSC is aware of and understands the nature of the above allegations and has been informed that it has the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order waives these rights;

In return for HCSC agreeing to the provisions of this Consent Order, the Division agrees to approve HCSC's TPA License Application in lieu of a TPA License denial and hearing and agrees that this Consent Order will constitute an informal, final disposition of this licensing matter pursuant to SDCL §1-26-20;
HCSC agrees to a monetary settlement in the amount of $5,000 pursuant to SDCL § 58-4-28.1, in lieu of contesting this matter formally;

HCSC further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that HCSC will pay a monetary penalty in the amount of $5,000 payable to “South Dakota Division of Insurance” for deposit in the general fund of the State of South Dakota; and it is further

ORDERED that the TPA License Application as filed March 15, 2013 and amended by HCSC is hereby approved as of the effective date of this Consent Order; and it is further

ORDERED that should HCSC fail to comply with the provisions of this Order, the South Dakota Division of Insurance may seek other remedies available at law; 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 15th day of July, 2013.

Merle Scheiber, Director
South Dakota Division of Insurance

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 28th day of June, 2013.

Signature of Authorized Representative
C. Brian Charlton
Name of Authorized Representative (printed)
DSVP & CHIEF CORPORATE COUNSEL
Title of Authorized Representative