

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

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

CONSENT ORDER

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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;