

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

IN THE MATTER OF COVENTRY)	CONSENT ORDER
HEALTH AND LIFE INSURANCE COMPANY, AND)	
FIRST HEALTH LIFE AND HEALTH INSURANCE COMPANY)	

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:

COVENTRY HEALTH AND LIFE INSURANCE COMPANY, whose mailing address of record is 6720-B Rockledge Dr. #700, Bethesda, MD 20817, and FIRST HEALTH LIFE AND HEALTH INSURANCE COMPANY, whose mailing address of record is 3200 Highland Ave, Downers Grove, Illinois 60515, (hereinafter the "COMPANIES") are insurance companies licensed to transact business in the State of South Dakota;

The COMPANIES are aware the South Dakota Division of Insurance ("Division") has conducted an investigation;

The Division alleges the following with regard to the COMPANIES:

- 1) The COMPANIES violated SDCL § 58-30-92 by allowing insurance policies to be issued to residents of South Dakota through agents not licensed in this state;
- 2) The COMPANIES violated SDCL § 58-30-176 by failing to appoint producers within fifteen days of the first insurance application;
- 3) The COMPANIES violated SDCL § 58-30-171 by paying commissions to unlicensed and un-appointed producers;
- 4) The above-cited conduct provides grounds for the revocation or suspension of either of the COMPANIES' certificates of authority in South Dakota pursuant to SDCL § 58-6-46.

The COMPANIES are aware of and understand the nature of the allegations and have been informed of their right to a Notice of Hearing, counsel and appeal and that by agreeing to sign this Consent Order, waives these rights;

In return for the COMPANIES agreeing to the provisions of this Consent Order, the Division agrees not to proceed to hearing and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL § 1-26-20;

The COMPANIES agree to pay \$20,000 pursuant 58-4-28.1, in lieu of an license revocation, administrative hearing, and final decision;

The COMPANIES further agree to conduct themselves in accordance with the insurance laws and regulations of the State of South Dakota;

The COMPANIES further agree 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;

The COMPANIES waive their right to contest the allegations contained in this Consent Order in any future actions or licensing procedures;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that the COMPANIES pay a monetary penalty in the amount of \$20,000 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 COMPANIES abide by the agreements made by them in this Consent Order; and it is further

ORDERED that should the COMPANIES fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of the COMPANIES' licenses at hearing pursuant to SDCL § 58-6-46, or 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 2nd day of November, 2015.



Larry Deiter, Director
South Dakota Division of Insurance

The undersigned, on behalf of the COMPANIES, 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 30th day of October, 2015.



Signature of Authorized Representative

Dale Mackel

Printed Name

Market President

Title