

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

---

IN THE MATTER OF ) CONSENT ORDER  
NATIONAL HEALTH INS. CO. )

---

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:

NATIONAL HEALTH INS. CO. ("NATIONAL"), whose address of record is 4455 LBJ Freeway, Ste. 375, Dallas, TX 75244, is an insurance company holding a certificate of authority to transact business in the State of South Dakota;

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

The Division has alleged the following:

- 1) NATIONAL allowed more than 1,400 policies to be sold by unlicensed and/or unappointed agents in violation of SDCL §§ 58-1-5, 58-30-143, 58-30-171, 58-30-174, 58-30-175 and 58-30-176;
- 2) NATIONAL is additionally responsible for the actions of their contracted Third-Party Administrator ("TPA");
- 3) NATIONAL'S TPA failed to process their claims timely which has resulted in over 1,000 unclean claims violations since 2019, in violation of SDCL §§ 58-12-19; 58-12-20; 58-12-33; 58-12-34, 58-29D-31(2),(4),&(6), 58-33-67, and 58-33-68;
- 4) NATIONAL failed to properly review, audit, and supervise its TPA, in violation of SDCL § 58-29D-13;
- 5) Any of the above-cited conduct may be grounds for the revocation or suspension of NATIONAL's certificate of authority pursuant to SDCL § 58-6-46;

NATIONAL is aware of and understands the nature of the charges 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 NATIONAL 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;

NATIONAL agrees to a monetary penalty in the amount of \$140,000 pursuant to SDCL § 58-4-28.1, in lieu of contesting this matter formally; and

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

NATIONAL 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 that NATIONAL pay a monetary penalty in the amount of \$140,000 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 should NATIONAL fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of NATIONAL's Certificate of Authority 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

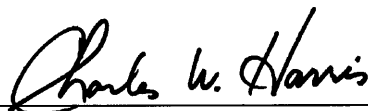
ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 16<sup>th</sup> day of September, 2022.

  
\_\_\_\_\_  
Larry Deiter, Director  
South Dakota Division of Insurance

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

Dated this 16 day of September, 2022.

  
\_\_\_\_\_  
Signature of Authorized Representative

Charles Harris  
\_\_\_\_\_  
Printed Name

President-National Health Insurance Company  
\_\_\_\_\_  
Title