

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

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IN THE MATTER OF  
HIGHMARK, INC.

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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:

HIGHMARK, INC. ("HIGHMARK"), whose address of record is Fifth Avenue Place, 120 Fifth Avenue, Mail-Code FAPHM-214B, Pittsburgh, PA 15222-3099, is a third-party administrator ("TPA") applicant in the State of South Dakota which previously held a TPA registration;

HIGHMARK 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) HIGHMARK operated with a valid TPA registration or license and continued to process at least 1627 claims from July 2021 to present in violation of SDCL § 58-29D-21 and 58-29D-31;
- 2) HIGHMARK as the subject of a previous investigation in 2018 for unlicensed TPA activity;
- 3) HIGHMARK failed to provide documentation and timely responses regarding its TPA application in violation of SDCL 58-30-167(1) and (8);
- 4) The above-cited conduct may be grounds for the denial of HIGHMARK's TPA application pursuant to SDCL §§ 58-29D-21, 58-29D-31, and 58-30-167(1), (2), and (8);

HIGHMARK 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 HIGHMARK 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;

HIGHMARK agrees to a monetary penalty in the amount of \$5,000 pursuant to SDCL §§ 58-4-28.1 and 58-29D-33, in lieu of contesting this matter formally; and

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

HIGHMARK 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 that HIGHMARK 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

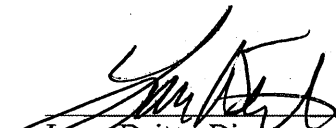
ORDERED that should HIGHMARK fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of HIGHMARK's TPA license or registration at hearing pursuant to SDCL Ch. 58-29D, or seek other remedies available at law; and it is further

ORDERED that the TPA application of HIGHMARK is APPROVED as of the effective date of this Consent Order; 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 27<sup>th</sup> day of March, 2023.

  
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Larry Deiter, Director  
South Dakota Division of Insurance

The undersigned, on behalf of HIGHMARK, 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 15 day of March, 2023.

  
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Signature of Authorized Representative  
CAROLYN D DIFONZO  
\_\_\_\_\_  
Printed Name  
Chief Legal Officer  
\_\_\_\_\_  
Title