

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

IN THE MATTER OF HAWAII) CONSENT ORDER
MAINLAND ADMINISTRATORS, LLC)

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:

HAWAII MAINLAND ADMINISTRATORS, LLC (HAWAII MAINLAND), which changed its name to Verdegard Administrators, LLC pursuant to a change in ownership, whose address of record is 1600 West Broadway Road, Suite 300, Tempe, AZ 85282-1137, is an entity that has applied for a third-party administrator (TPA) license in the state of South Dakota;

HAWAII MAINLAND is aware that the South Dakota Division of Insurance (Division) has conducted an investigation;

The Division alleges the following as regards HAWAII MAINLAND:

- 1) HAWAII MAINLAND submitted a late TPA renewal application on August 3, 2022;
- 2) HAWAII MAINLAND has been subject to administrative actions in other jurisdictions, resulting in administrative penalties or fines and a license denial for reasons including failing to timely file, reporting of actions, TPA violations, and failure to maintain books and records;
- 3) HAWAII MAINLAND has failed to perform sufficient due diligence and relied on false representations of others when administering claims for unauthorized health plans in violation of SDCL 58-8-1, 58-18-3, 58-18-4, 58-33-98, 58-33-99, and 58-33-104 and ARSD Ch. 20:06:42;
- 4) HAWAII MAINLAND failed to timely respond to the Division complaint inquiries regarding unauthorized plans administered by HAWAII MAINLAND, in violation of SDCL 58-33-66;
- 5) HAWAII MAINLAND was the subject of a previous administrative action in South Dakota on July 27, 2020 regarding recordkeeping and notification matters;
- 6) Any of the above-cited conduct may be grounds for the denial of HAWAII MAINLAND's TPA application pursuant to SDCL 58-29D-31(4) and 58-30-167(1), (2), (7), (8), (9), and (12);

HAWAII MAINLAND represents that the change in ownership has resulted in revised business practices, processes, and procedures to ensure timely reporting and responses to the Division as well as additional due diligence to prevent administration for unauthorized health plans;

HAWAII MAINLAND 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 HAWAII MAINLAND agreeing to and complying with the provisions of this Consent Order, the Division agrees not to proceed to administrative hearing and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL 1-26-20;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, HAWAII MAINLAND waives its right to contest the allegations contained in this Consent Order in any future actions or licensing procedures with the Division;

HAWAII MAINLAND agrees to pay \$20,000 pursuant to SDCL 58-29D-31 and 58-4-28.1, in lieu of an administrative hearing and Final Decision;

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

HAWAII MAINLAND 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 HAWAII MAINLAND 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

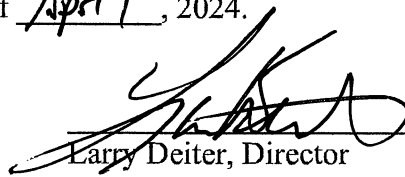
ORDERED that HAWAII MAINLAND's TPA application is approved as of the effective date of this Order; and it is further

ORDERED that HAWAII MAINLAND abide by the agreements made in 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 30th day of April, 2024.



Larry Deiter, Director
South Dakota Division of Insurance

The undersigned, on behalf of HAWAII MAINLAND 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 20th day of April, 2024.

Donna Ercolano

Signature of Authorized Representative

Donna Ercolano

Printed Name

General Manager

Title