



January 21, 2025

CERTIFIED MAIL & FIRST-CLASS MAIL

Zon Re-USA, LLC
220 Newport Center, Dr.
Suite 446
Newport Beach, CA 92660

RE: Application Denial for TPA license

To whom it may concern,

This letter is to notify you that your company's renewal application for a Third-Party Administrator ("TPA") license in South Dakota has been denied. The reason for the denial is as follows:

Zon Re-USA, LLC submitted a TPA license renewal application to the South Dakota Division of Insurance ("Division") on June 27, 2024. However, the company failed to attach the required 2023 audited financial statements to the application.

Due to this discrepancy, on June 28, 2024, the Division wrote to Zon Re-USA, LLC, via email, asking for an explanation on why the application was incomplete and requested the additional missing documents. On July 3, 2024, the company responded stating that they uploaded the 2022 audited financials and that they did not have audited 2023 financials as they performed no work in 2023, due to a change in ownership. The Division reviewed, and responded on July 15, 2023, advising that since the company has been incorporated for more than 2 years, that audited financials are required for 2023. The Division also offered the company the opportunity to withdraw their application or switch to a TPA registration application. Having failed to receive a response, on September 27, 2024, the Division again emailed the company and explained what documentation was required to process the application. Having again failed to receive a response, on February 8, 2024, the Division sent Zon Re-USA, LLC, a cite letter, advising them that they had violated the South Dakota Insurance code by not responding, and advising them that their application was still deficient. Having again failed to receive a response, the Division called Zon Re-USA, LLC on November 4, 2024, however, the phone call was unanswered, and no voicemail was set up for the company's phone number. As no voicemail could be left, the Division sent a final email allowing the company 5 additional days to respond. As of the date of this letter, the Division still has not received a response or adequate audited financial statements for Zon Re-USA, LLC.

Based on the above information, your company's TPA license renewal application is denied based upon SDCL §§ 58-29D-22, 58-29D-22.1 58-29D-31, 58-29D-32.1, 58-30-167(1), (2) & (8), and 58-33-66, for failing to provide all the required documentation with the application; for failing to provided audited



financial statements; violating any lawful rule or order of the director or any provision of the insurance laws of this state; using fraudulent, coercive, or dishonest practices, or demonstrating incompetence, untrustworthiness, or financial irresponsibility in the conduct of business in this state or elsewhere; failing to respond to an inquiry from or failing to supply documents requested by the Division within twenty days of receipt of such inquiry or request.

This denial is considered an administrative action and will be reported to the database maintained by the National Association of Insurance Commissioners. When an administrative action occurs, an insurance producer may be required to report the action to all states in which an insurance license is held in accordance with the timeframes and requirements of each state.

Pursuant to SDCL 58-29D-32.1, you may make a written request to the Division of Insurance within thirty (30) days of the date of this denial for a hearing to determine the reasonableness of this decision to deny your renewal application for licensure.

Sincerely,

Tony Dorschner

Assistant Director

South Dakota Division of Insurance

Department of Labor and Regulation

CC: Zon Re-USA, LLC
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