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GENERAL COUNSEL
OCT 9 2002
STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

Before the State of South Carolina
Department of Insurance

In the matter of:

Health Care Indemnity Inc.

P.O. Box 555
Nashville, TN 37203-0555

SCDI File Number 115053

Consent Order
Imposing Administrative Penalty

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Health Care Indemnity Inc. an insurer licensed to transact insurance business within the State of South Carolina.

Health Care Indemnity Inc. hereby admits, and I find as fact, that it failed to timely file its September 2002 Quarterly (annual adjusted) Tax Return Installment. This insurer previously also had failed to timely file a previous installment with the Department, for which it was given a first-offense warning letter. Health Care Indemnity Inc maintains these actions were completely unintentional.

Rather than contest this matter, Health Indemnity Inc. and the Department have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that Health Care Indemnity Inc would waive its right to a public hearing and would submit an administrative penalty to the Department in the total amount of $2,000.

Section 38-7-60(3) of the South Carolina Code in pertinent part states, "premium and other taxes imposed on insurers pursuant to Sections 38-7-20, 38-7-30, 38-7-40, 38-7-50, and 38-7-90 must be paid to the Director or his designee in quarterly installments on or before March first, June first, September first, and December first of each calendar year." Sections 38-7-60 (4) and 38-5-120 (A) (2) (Supp. 2001) allow the Director of Insurance to impose disciplinary action against an insurer that does not comply with South Carolina's insurance laws.

After a thorough review of the matter, carefully considering the recommendation of the parties, and pursuant to my findings of fact, I hereby conclude as a matter of law that Health Care Indemnity Inc. did not comply with S.C. Code Ann. § 38-7-60(3) (Supp. 2001). Accordingly, I hereby impose an administrative penalty in the amount of $2,000 against Health Care Indemnity Inc. pursuant to the discretion provided to me by the State of South Carolina General Assembly in S.C. Code Ann. §§ 38-5-130 and 38-2-10 (Supp. 2001). This administrative penalty must be paid within ten days of my date and my signature upon this consent order. If [Short Name] has not paid that total amount on, or before, that date, then its certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

_____ Health Care Indemnity Inc.

The parties have reached this administrative penalty as a result of negotiation and compromise, and in consideration of the internal corrective internal measures Health Care Indemnity Inc.] has implemented to prevent this problem from recurring and of Health Care Indemnity Inc.'s assurance that it will timely file each of its future tax returns with the Department. This penalty includes all expenses related to investigation of this matter as provided in § 38-13-70 of the South Carolina Code. The parties expressly agree and understand Health Care Indemnity Inc.'s payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

By the signature of one of its officers or authorized representatives upon this consent order, [Short Name] acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act,* S.C. Code Ann. §§ 30-4-10, *et seq*. (1991 and Supp. 2001).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (Supp. 2001), of the Director of Insurance, exercised either directly or through the Department, to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is, therefore, ordered that Health Care Indemnity Inc. shall, within ten days of my date and my signature upon this consent order, pay to the Department an administrative penalty in the total amount of $2,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.

Ernst N. Csiszar
Director

OCT 11, 2002
Columbia, South Carolina

_____ Health Care Indemnity Inc.

I CONSENT:

Jim Childress
Signature of Authorized Representative

JIM CHILDRESS
Name

AVP- TAXES
Title
Health Care Indemnity Inc.
P.O. Box 555
Nashville, TN 37203-0555

Dated this 8th day of OCTOBER, 2002