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**FILED**  
**OCT 28 2015** *KG*  
Department of Insurance  
State of Idaho

*Attorneys for the Department of Insurance*

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

PREFERRED CARE, INC.,  
Third Party Administrator Designated Home  
State License No. 448979,  
Nonresident Producer License No. 474890,

Respondent.

Docket No. 18-3090-15

**ORDER OF DEFAULT**

The Director of the Idaho Department of Insurance ("Director") having reviewed the record herein; and PREFERRED CARE, INC., who currently holds Third Party Administrator Designated Home State License No. 448979 and Nonresident Producer License No. 474890, having been lawfully served the Verified Complaint and Notice of Right to Hearing, a copy of which is attached hereto as Exhibit A and incorporated herein, and, as evident from the Affidavit of Judy L. Geier, having failed to file an answer thereto and having failed to request a hearing regarding said Verified Complaint; and the Director having found as a result thereof that PREFERRED CARE, INC., has waived its rights regarding the opportunity for hearing; and in consideration of the above;

IT IS HEREBY ORDERED that Third Party Administrator Designated Home State License No. 448979 issued to PREFERRED CARE, INC., is REVOKED effective immediately.

IT IS FURTHER ORDERED that PREFERRED CARE, INC., shall transfer all of its Idaho business, if any, to a third party administrator duly licensed in Idaho and shall complete such transfer within no later than sixty (60) days from the entry of this order.

IT IS FURTHER ORDERED that PREFERRED CARE, INC., shall provide notice within thirty (30) days of entry of this order to all current clients, if any, of the revocation of its third party administrator license and of the transfer of all of its Idaho business to a third party administrator duly licensed in Idaho, and shall deliver a copy of said notice to the Director contemporaneously with its delivery to current clients.

IT IS FURTHER ORDERED that PREFERRED CARE, INC., shall provide to the Director, within sixty-five (65) days of entry of this order, evidence of the transfer of all Idaho business.

IT IS FURTHER ORDERED that an administrative penalty in the total amount of Ten Thousand Dollars (\$10,000.00) is hereby imposed against PREFERRED CARE, INC., for failing to provide annual reporting for the calendar years 2013 and 2014.

IT IS FURTHER ORDERED that Nonresident Producer License No. 474890 issued to PREFERRED CARE, INC., is REVOKED, effective immediately, in accordance with Idaho Code § 41-1026(2).

IT IS FURTHER ORDERED, pursuant to Idaho Code § 41-1027(2), that PREFERRED CARE INC., shall immediately return Nonresident Producer License No. 474890 to the Idaho Department of Insurance, P.O. Box 83720, Boise, Idaho 83720-0043.

IT IS SO ORDERED.

DATED this 28 day of October, 2015.

STATE OF IDAHO  
DEPARTMENT OF INSURANCE



DEAN L. CAMERON  
Director

**NOTIFICATION REGARDING REPORTABLE PROCEEDINGS**

This is considered a reportable administrative proceeding. As such, it is a public record and is public information that may be disclosed to other states and reported to companies of which you are actively appointed. This information will be reported to the National Association of Insurance Commissioners (NAIC) and will appear in the Idaho Department of Insurance's online searchable database. Be aware that this proceeding must be disclosed on any license application and must be reported to any and all states in which you hold an insurance license.

**NOTIFICATION OF RIGHTS**

This constitutes a final order of the agency. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. *See* Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight

(28) days of: (a) the service date of this final order, or (b) an order denying a petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. See Idaho Code § 67-5273. The filing of a petition for judicial review to the district court does not itself stay the effectiveness or enforcement of the order under appeal.

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have, on this 28 day of October, 2015, caused a true and correct copy of the foregoing ORDER OF DEFAULT to be served upon the following by the designated means:

Preferred Care, Inc.  
34 Locust Avenue  
Gettysburg, PA 17325-2616

first class mail  
 certified mail  
 hand delivery

Preferred Care, Inc.  
Stephen Gilbert, President  
P.O. Box 21446  
Eagan, MN 55121

first class mail  
 certified mail  
 hand delivery

CT Corporation System  
921 S. Orchard Street, Ste. G  
Boise, ID 83705

first class mail  
 certified mail  
 hand delivery

*Registered Agent for Preferred Care, Inc.*

Time Insurance Company  
501 West Michigan Street  
Milwaukee, WI 53203

first class mail  
 certified mail  
 hand delivery

Judy L. Geier  
Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720-0043

first class mail  
 certified mail  
 hand delivery

  
\_\_\_\_\_  
Kelly Grady

LAWRENCE G. WASDEN  
Attorney General

JUDY L. GEIER, ISB #6559  
Deputy Attorney General  
Idaho Department of Insurance  
700 W. State Street  
P.O. Box 83720  
Boise, Idaho 83720-0043  
Telephone No. (208) 334-4204  
Facsimile No. (208) 334-4298  
[judy.geier@doi.idaho.gov](mailto:judy.geier@doi.idaho.gov)

**FILED**  
**SEP 21 2015** *WAG*  
Department of Insurance  
State of Idaho

*Attorneys for the Department of Insurance*

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of:

PREFERRED CARE, INC.,  
Third Party Administrator Designated Home  
State License No. 448979,  
Nonresident Producer License No. 474890,

Respondent.

Docket No. 18-3090-15

**VERIFIED COMPLAINT AND  
NOTICE OF RIGHT TO HEARING**

COMES NOW the staff of the Idaho Department of Insurance (“**Department**”), by and through its undersigned counsel, and does hereby give notice of verified allegations constituting violation(s) of Idaho law, notice that relief will be requested from the Director of the Department, and a notice of the right to contest the allegations and requested relief herein and of the right to hearing to:

**PREFERRED CARE, INC.,**

**Third Party Administrator Designated Home State License No. 448979,  
Nonresident Producer License No. 474890**

The Department alleges the following facts and violations of title 41, Idaho Code, as

**EXHIBIT**  
**A**

itemized below. The Department will present an order seeking the relief described below upon twenty-one (21) days following service of this verified Complaint, and, PREFERRED CARE, INC., you are further notified of your right to object to the requested relief, including the basis for any objection, and to request a hearing in writing.

### ALLEGATIONS

The allegations and violations supporting the requested relief are as follows:

1. The Director of the Idaho Department of Insurance has jurisdiction over this matter pursuant to title 41, Idaho Code.

2. PREFERRED CARE, INC. (“RESPONDENT”), was granted Third Party Administrator (“TPA”) License No. 448979, designated as a home state license, effective December 5, 2007, pursuant to the previous version of title 41, chapter 9, Idaho Code, which chapter was replaced in its entirety in 2010 by the current version of title 41, chapter 9, Idaho Code. RESPONDENT’s TPA License No. 448979 is scheduled to expire as of January 1, 2017.

3. RESPONDENT was also granted nonresident producer License No. 474890 effective January 23, 2014, pursuant to title 41, chapter 10, Idaho Code, which is scheduled to expire as of February 1, 2016.

4. Pursuant to Idaho Code § 41-914(1)(a), all licensed TPAs are required to file an annual report for the preceding calendar year with the Department “on or before July 1 of each year, or within such extension of time as the director for good cause may grant.” The annual reports must be audited and attested to by an independent certified public accountant.

5. RESPONDENT failed to submit an annual report for either calendar year 2013 or for calendar year 2014, which reports were due on July 1, 2014, and July 1, 2015, respectively.

6. The Department notified RESPONDENT by certified letter, return receipt, dated

July 10, 2015, that RESPONDENT had failed to meet the statutory deadline for submitting audited financial reports and that it must submit said reports by no later than July 31 or risk future administrative action and the imposition of an administrative penalty.

7. The Department has made numerous other attempts to reach RESPONDENT by telephone, but none of the phone numbers provided on record were active. RESPONDENT's website is still active, however, when the Department attempted to contact RESPONDENT through the phone number listed on the website, the number appeared to be disconnected.

8. Historically, multiple extensions were sought and obtained by RESPONDENT regarding its 2012 financial reports that were due July 1, 2013, such that RESPONDENT's 2012 Annual Report was not received until September 16, 2014. Notably, the 2012 Annual Report was incomplete in that it did not identify the number of Idaho residents that RESPONDENT services.

9. The Director has the authority to suspend or revoke RESPONDENT's TPA license for violations of title 41, Idaho Code, pursuant to Idaho Code § 41-915.

10. Further, pursuant to Idaho Code § 41-1026(2), suspension or revocation of RESPONDENT's TPA license shall automatically suspend all other licenses held by RESPONDENT under title 41, Idaho Code, including RESPONDENT's nonresident producer license.

11. Additionally, the Director has the authority to impose a general penalty in the amount of \$5,000.00 against RESPONDENT for each violation of the Idaho Code as set forth below pursuant to Idaho Code §§ 41-117 and 41-915(4).

**FIRST CAUSE OF ACTION**  
**Idaho Code § 41-915**

12. The foregoing allegations in Paragraphs 1-11 are incorporated herein as if set forth in full.

13. RESPONDENT's failure to submit the required reporting for calendar years 2013 and 2014, which were due on July 1, 2014, and July 1, 2015, respectively, are violations of Idaho Code § 41-914(1)(a).

14. Pursuant to Idaho Code § 41-915(2)(b), the Director may deny, suspend for a period of time not to exceed twelve (12) months, or revoke RESPONDENT's TPA license if RESPONDENT refuses "to be examined or to produce its accounts, records and files for examination, or if any individual responsible for the conduct of affairs of the administrator, ... has refused to give information with respect to its affairs or has refused to perform any other legal obligation as to an examination, when required by the director."

15. Pursuant to Idaho Code §§ 41-117 and 41-915(4), the Director may impose an administrative penalty not to exceed \$5,000 per each violation against RESPONDENT if grounds also exist for the suspension or revocation of RESPONDENT's TPA License.

16. The Department seeks revocation of RESPONDENT's TPA license and an administrative penalty in the amount of \$10,000, representing \$5,000 per each of RESPONDENT's violation of Idaho Code § 41-915(2)(b) for refusing or failings to submit annual financial reports when due on July 1, 2014, and July 1, 2015 respectively.

**SECOND CAUSE OF ACTION**  
**Idaho Code § 41-1026(2)**

17. The foregoing allegations in Paragraphs 1-16 are incorporated herein as if set forth in full.

18. RESPONDENT holds a nonresident producer license issued from the State of Idaho.

19. While maintaining its nonresident producer license, RESPONDENT violated the reporting requirements found in title 41, chapter 9, Idaho Code.

20. Pursuant to Idaho Code § 41-1026(2), suspension or revocation of RESPONDENT's TPA license shall automatically suspend, revoke or refuse continuation of all other licenses held by RESPONDENT under title 41, Idaho Code, including RESPONDENT's nonresident producer license.

21. As such, the Department also seeks revocation of RESPONDENT's nonresident producer license.

#### **REQUEST FOR RELIEF**

22. Based upon the foregoing facts and allegations, unless the Department receives a written objection from RESPONDENT, including the basis for the objection and a demand for hearing, within twenty-one (21) days following service of this notice, the Department intends to submit a proposed order to the Director whereby the Director shall:

- Immediately revoking RESPONDENT's TPA license for failing to submit the required annual reporting for calendar years 2013 and 2014 in violation of Idaho Code § 41-915(2)(b); and
- Requiring RESPONDENT to transfer all of its Idaho business, if any, to a third party administrator duly licensed in Idaho and to complete such transfer within no later than sixty (60) days from the entry of the order; and
- Requiring RESPONDENT to provide notice within thirty (30) days of entry of the order to all current clients, if any, of the revocation of its third party administrator license and of the transfer all of its Idaho business to a third party administrator duly licensed in Idaho and to deliver a copy of said notice to the Director contemporaneously with its delivery to current clients; and
- Requiring RESPONDENT to provide to the Director, within sixty-five (65) days of entry

of the order, evidence of the transfer of all Idaho business; and

- Imposing an administrative penalty in the amount of \$10,000.00, or \$5,000.00 for each violation, for failing to provide annual reporting for the calendar years 2013 and 2014; and
- Revoking RESPONDENT's nonresident producer license pursuant to Idaho Code § 41-1026(2).

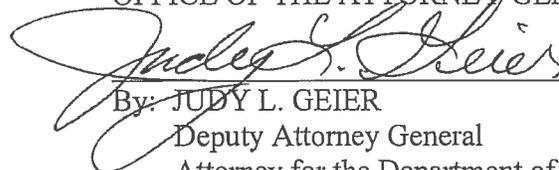
**NOTICE OF RIGHT TO HEARING**

THEREFORE, based on violations as alleged above, you have the right to have a hearing in accord with Idaho Code § 41-232A. In order to effectively object to this notice and prevent an order for the requested relief from being entered, you must, within twenty-one (21) days of the date of service of this Verified Complaint and Notice of Right to Hearing, submit a written request for a hearing to the Director of the Idaho Department of Insurance responding to the alleged violations pending against you. You must deliver any written request for hearing by mailing it to the Director, Idaho Department of Insurance, P.O. Box 83720, Boise, Idaho 83720-0043, or personally delivering said written request to the offices of the Department of Insurance at 700 W. State Street, Third Floor, Boise, Idaho, and also providing a copy to the undersigned at the same address.

If you fail to submit a timely written response to the allegations and a request for hearing, a final order will be entered imposing the relief described above after twenty-one (21) days from the service of this Complaint.

DATED this 18<sup>th</sup> day of September, 2015.

OFFICE OF THE ATTORNEY GENERAL



By: JUDY L. GEIER

Deputy Attorney General  
Attorney for the Department of Insurance

VERIFICATION

STATE OF IDAHO    )  
                              : ss.  
County of Ada        )

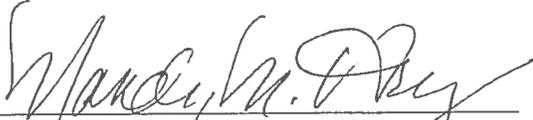
Georgia Siehl, CPA, CFE, Bureau Chief, Chief Examiner, of the Department of Insurance, State of Idaho, being first duly sworn, deposes and says:

I have read the foregoing Verified Complaint and Notice of Right to Hearing and know the contents thereof, and the same are true to the best of my knowledge and belief and based on the records of the Department.

DATED this 18<sup>th</sup> day of September, 2015.

  
\_\_\_\_\_  
Georgia Siehl, CPA, CFE  
Bureau Chief, Chief Examiner  
Idaho Department of Insurance

SUBSCRIBED AND SWORN to before me this 18<sup>th</sup> day of September, 2015.

  
\_\_\_\_\_  
Notary Public for Idaho  
My commission expires on 7/24/2018



**IC § 41-232A CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have, on this 21<sup>st</sup> day of September, 2015, and in compliance with Idaho Code § 41-232A, caused a true and correct copy of the foregoing VERIFIED COMPLAINT AND NOTICE OF RIGHT TO HEARING to be served upon the following by the designated means:

Preferred Care, Inc.  
34 Locust Avenue  
Gettysburg, PA 17325-2616

- first class mail
- certified mail
- hand delivery
- via facsimile

Preferred Care, Inc.  
Stephen Gilbert, President  
P.O. Box 21446  
Eagan, MN 55121

- first class mail
- certified mail
- hand delivery
- via facsimile

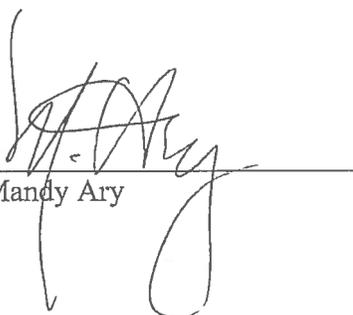
CT Corporation System  
921 S. Orchard Street, Ste. G  
Boise, ID 83705

- first class mail
- certified mail
- hand delivery
- via facsimile

*Registered Agent for Preferred Care, Inc.*

Time Insurance Company  
501 West Michigan Street  
Milwaukee, WI 53203

- first class mail
- certified mail
- hand delivery
- via facsimile

  
Mandy Ary