



Division of Insurance

445 E. Capitol Ave. | Pierre, SD 57501
Phone: 605.773.3563 | Fax: 605.773.5369
insurance@state.sd.us
Merle Scheiber, Director



Spring 2012

In this Issue

Page 1

Training Requirement
for Producers Selling
Annuities

Business Entity
License reminders

Page 2

2012 Legislative
Overview

Long-Term Care
Partnership
Educational Sessions

Page 3

2012 Legislative
Overview , continued

Recent
Administrative
Rule Changes and
Bulletins

Page 4

2012 Legislative
Overview , continued

Open Enrollment for
Children

Page 5

Renewals Open
May 1

Long-Term Care
Partnership
Educational Sessions
Schedule

Training Requirement for Producers Selling Annuities

SB 32 updates our annuity suitability requirements by adopting the most recent changes to the National Association of Insurance Commissioners (NAIC) Model Law.

One of the important changes in this bill is the shifting of the primary oversight of ensuring suitability from the agency level to insurance companies.

An insurance producer selling annuity products is required to complete a one-time four hour training course that is approved by the Director. Only those courses which have been approved in South Dakota for continuing education (CE) will meet the training requirements, except for courses taken in states with substantially similar requirements. An annuity producer who has a life insurance license on or before July 1, 2012, must complete the requirements by December 31, 2012. Any person who obtains a life insurance license after July 1, 2012, may not engage in the sale of annuities until the required annuity training course has been completed.

Approved courses will be posted on the Division of Insurance website at http://dlr.sd.gov/insurance/producers/continuing_education.aspx. A listing of courses being offered will be available on the Sircon website.

Insurers must verify the producer has completed the required training course before allowing that producer to sell an annuity product. A producer wishing to check on whether any training completed has met the requirements may contact his or her appointed insurer.

Reminder:

If your agency is a corporation, limited liability company (LLC), etc., in South Dakota you must also have a business entity license along with your normal insurance license(s).

<http://dlr.sd.gov/insurance>

HB 1033**An Act to clarify the requirements relating to insurance examinations**

This bill corrects a form and style error that was made to our examination statutes in 2001. This correction brings the statute into harmony with its purpose, to require persons being examined such as insurance companies to cooperate in providing access to records and information of the company.

2-24-2012 Signed by Governor

HB 1034**An Act to revise when alterations may be made to insurance applications**

Insurance companies are currently prohibited from altering applications they have received for life and health insurance but provides an exception if the alteration is for administrative

purposes. The bill identifies changes that are and are not for administrative purposes and would expressly prohibit changes to the coverage amounts, types or options selected by the applicant.

2-24-2012 Signed by Governor

HB 1035**An Act to allow the disclosure of the status of certain insurance investigations and examinations**

This bill makes a narrow exception to the law on investigations and examinations and allows the Division of Insurance to disclose to the person filing a complaint or report the existence, status and outcome of the particular matter they filed with the Division. This allows consumers to know their insurance concerns are being addressed. The bill also allows for documents to remain confidential if so

continued next page

Long-Term Care Partnership Educational Sessions

The South Dakota Department of Social Services is hosting several educational sessions in the coming months on long-term care and the Long-Term Care Partnership Program.

“Planning for long-term care needs before you need them is helpful for you and your family,” said Kim Malsam-Rysdon, Secretary of the South Dakota Department of Social Services. “I strongly encourage families to attend an educational session on the Long-Term Care Partnership Program to learn more about the options available for them. A long-term care insurance plan certified by the Long-Term Care Partnership Program benefits people needing long term care and their families, long-term care providers and the state’s Medicaid program.”

The Long-Term Care Partnership Program is a public-private partnership that offers individuals quality, affordable long-term care insurance without depleting their assets. The South Dakota Department of Social Services began offering free educational sessions on the program in 2007 to raise awareness about long-term care insurance and the benefits for South Dakotans.



Mark your calendar

See page 5 for the dates, times and locations of the educational sessions across South Dakota.

The spring 2012 educational session schedule includes stops in several communities from March through May. Sessions will include basic information on long-term care, the costs related to it, how to plan for long-term care needs, what Medicare and Medicaid will cover and how the Long-Term Care Partnership Program can help. The educational sessions are free and open to the public. Each session is scheduled for one hour.

designated by the company. This bill does not allow for disclosures on fraud investigations. Lastly, the bill reinstates the confidentiality provisions on premium taxes that we changed due to re-organization.

2-24-2012 Signed by Governor

HB 1071

An Act to increase the benefits that the Insurance Guarantee Association may become obligated to cover for annuities.

The bill increases the maximum guaranty fund protection for annuities from \$100,000 to \$250,000.

3-2-2012 - Signed by the Governor

HB 1183

An Act to limit co-payment or coinsurance amounts for physical therapy services.

This bill applies to the individual and group market. This bill requires equal co-payments for physical therapy services compared to other primary care providers.

2-24-2012 - Signed by the Governor

HB 1187

An Act to exempt health care sharing ministries from the provisions of the health insurance code.

This bill exempts health care sharing ministries from being subject to the jurisdiction of the Director of the Insurance. Those arrangements for sharing of health care expenses are,

pursuant to this law, not subject to state regulation.

3-2-2012 - Signed by the Governor

HB 1220

Conditionally repeal certain provisions establishing network adequacy standards, quality assessment and improvement requirements, utilization review and benefit determination requirements, and grievance procedures for managed health care plans, and certain standards for managed health care plans if the Patient Protection and Affordable Care Act is found to be unconstitutional.

This bill puts a suicide clause on SB 38 which was enacted in the 2011 legislative session. If the Patient Protection and Affordable Care Act is found unconstitutional in its entirety SB 38 is automatically repealed. If it is not found unconstitutional in its entirety, SB 38 remains in effect.

3-19-2012 - Signed by the Governor

SB 28

An Act to revise provisions regarding the renewal process for certain third party administrators

Third party administrators are required to become either registered or licensed, depending upon the scope of their activities in this state, in order to conduct business in South Dakota. While the Division of Insurance

continued next page

Recent Administrative Rule Changes & Bulletins

Bulletins

12-01 – Preexisting Condition Exclusions for Credit Disability

12-02 – Auto Policies with Permissive User Coverage Restrictions

Rules

20:06:14 – Disclosure Requirements for Life Insurance

20:06:33 – Access Plans

20:06:53 – Appeals Process

20:06:28 – Workers Compensation Claim Expenditure Report

20:06:53 – External Review

20:06:13 – Medicare Supplement

20:06:06 – Credit Life

20:06:12 – Examinations

20:06:10 & 20:06:14 – Advertisements and Solicitations of Health and Life Insurance

Legislative Overview for 2012, continued

has a renewal process in place, the statute is very unclear as to the process that should be used, specifically when that licensee or registrant fails to renew, which requires a cumbersome administrative process under the current law. Under the new law if the licensee or registrant fails to renew, the license or registration will automatically lapse.

2-14-2012 - Signed by the Governor

SB 32

An Act to revise the suitability requirements for annuities

This bill incorporates into state law the recent changes to the NAIC model. One of the important changes that this bill incorporates is the shifting of the primary oversight of ensuring suitability from the agency level to insurance companies. There are a number of additional consumer protections including enhanced disclosure, a prohibition against insurers issuing annuities that are unsuitable and additional agent training. Also, the statutes are updated so that an agent who complies with updated Securities rules (FINRA) is automatically in compliance with the suitability standards.

2-24-2012 - Signed by the Governor

SB 33

An Act to revise the exemptions for insurance agent Examinations.

This bill corrects an incorrect cross-reference in the insurance agent licensing chapter. It was discovered that the statute incorrectly included cross references to attorneys and travel agents among those persons who are not exempt from taking an examination to become licensed. The bill simply maintains the

status quo of not subjecting attorneys and travel agents to testing, which is consistent with the original intent behind the statutes.

2-22-2012 - Signed by the Governor

SB 34

An Act to revise certain provisions and delete certain obsolete provisions pertaining to the Department of Labor and Regulation

SB 34 is a Department of Labor and Regulation bill that is designed to implement the Governor's initiative of repealing unnecessary laws. Those areas specific to the Division of Insurance include the repeal of statutes which micromanage the business practices of insurers by requiring vouchers for expenditures and requiring payments to be made on drafts or checks, precluding the use of electronic payments. It also repeals chapter 58-42, which regulates legal expense insurance. Legal expense insurance is non-existent in South Dakota and these statutes have sat untouched since their enactment in 1988.

2-22-2012 - Signed by the Governor

SB 115

An Act to implement the regulation of insurance coverage for portable electronic devices.

SB 115 requires that vendors have a license issued by the Division of Insurance and sets specific standards for this type of license as well as the role of the responsible supervising entity. The bill also sets standards for these policies which will be a group inland marine type policy. Portable electronic insurance is now treated similar to travel insurance.

3-1-2012 - Signed by the Governor

Reminder:

Open Enrollment for Children opens July 1, 2012, and lasts until August 14, 2012.



Renewals Open May 1

Third Party Administrators, Pharmacy Benefit Managers, Utilization Review Organizations, Managed Care Contractors, Discount Medical Plan Organizations and Case Management Plan Renewals open on May 1, 2012. Renewals must be completed through Sircon, which can be accessed at www.sircon.com/southdakota.

Additional documents needed to complete the renewals are to be attached electronically. Renewals must be completed online by July 1, 2012, or your license/registration will lapse.

All notifications regarding this renewal are sent electronically through the e-mail address indicated on your last renewal. Changes to your e-mail address can be made using Sircon's "Update Your E-mail" link at the above website at any time.

Long-Term Care Partnership Educational Sessions Schedule

Related story on page 2

March 29, Vermillion: Muenster University Center, University of South Dakota campus, 12 & 2 p.m. CDT
 –Available for questions between sessions

April 4, Brookings: Brookings Public Library, Cooper Room, 515 3rd St., 2 p.m. CDT

April 10, Yankton: Yankton Public Library, 515 Walnut St., at 1:30 p.m. CDT

April 12, Sioux Falls: Caille Branch Public Library, 4100 Carnegie Circle., 3 & 5:30 p.m. CDT
 –Available for questions between sessions

April 17, Mobridge: Mobridge High School, Library, 114 10th St. E., 4 p.m.

April 18, Aberdeen: Northern State University, Graham Hall (just north of the Student Union), James River Room, 2 & 4 p.m. CDT
 –Available for questions between sessions

April 19, Milbank: Grant County Library, 207 Park Ave. E., 1:30 p.m.

April 23, Vermillion: Vermillion Public Library, South Dakota Room, 18 Church St., 2 p.m. CDT

April 24, Rapid City: Rapid City Public Library, 610 Quincy St., 4 & 5:30 p.m. MDT
 –Available for questions between sessions

April 25, Spearfish: Black Hills State University Faculty and Staff Benefits Fair, Student Union

April 26, Rapid City: South Dakota School of Mines and Technology Faculty and Staff Benefits Fair

April 30, Beresford: Beresford Public Library, 115 S. 3rd St., 2 p.m. CDT

May 2, Sioux Falls: Active Generations, 2300 W. 46th St., 10:30 a.m. CDT