

Bulletin 90-3

Medicare supplement policies — levelling commissions

October 26, 1990

The Division of Insurance has passed, by rules, the National Association of Insurance Commissioners' model addressing agent compensation for selling medicare supplement policies. The rules state in essence the following:

1. The first year commission may be no more than 200 percent of the second year.
2. The commissions must be spread over at least five years.
3. No commission over and above a renewal commission may be paid on replacing medicare policies unless the benefits under the replacing policy are *clearly and substantially* greater than benefits under the replaced policy.
4. An insurer must establish criteria for determining whether benefits are clearly and substantially greater so that compensation may be paid to the agent.

The rules become effective October 29, 1990. THE INSURER MUST BE IN COMPLIANCE WITH THE RULES BY JANUARY 1, 1991.

For a complete copy of the rules becoming effective on October 29, 1990, {Footnote 1} contact:

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