

## Bulletin 26-01

To: Property & Casualty Insurance Companies Writing Crop Hail Insurance  
From: Larry Deiter, Director  
Date: February 16, 2026  
Re: Marketing of Crop Hail Insurance in South Dakota

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### SCOPE AND APPLICABILITY

Bulletin 26-01 replaces all previous crop hail insurance Bulletins issued by the South Dakota Division of Insurance. This bulletin pertains to all insurance companies seeking to market crop hail insurance in South Dakota. Crop hail insurance includes policies providing crop hail coverage, companion hail, and supplemental crop products not subsidized or reinsured by the Federal Crop Insurance Corporation.

### FILING DEADLINE

All new or revised crop hail and supplemental crop product rate, form, and revisions to existing filings intended for use in a calendar year must be submitted to the Division no later than February 15 by the System for Electronic Rate and Form Filing (SERFF) of that year. If February 15 falls on a Saturday, Sunday, or legal holiday, the filing must be submitted by the next business day.

### FILING PROCEDURES

The South Dakota Division of Insurance will review crop form and rate filings according to the criteria set forth in this bulletin. Companies can file form and rate filings as one filing or file them separately.

#### Form Filing

Forms that are currently approved do not have to be filed again unless changes are being made to the form. Companies filing new forms, form changes, and new product forms must adhere to the following steps:

1. Companies proposing to use the National Crop Insurance Services (NCIS) forms may file by reference by listing the appropriate forms on a memorandum that includes the form name, form number, and edition date.
2. Companies proposing to use independent policy forms must file a copy of each form along with a memorandum explaining the policy form.
3. Companies proposing to use a deviated or modified NCIS form must file a copy of the form along with a memorandum explaining the change and how it affects the coverage and the rate.

## Rate Filing

In conjunction with NCIS biennial filing procedures, companies will be required to file updated rates in those years for which NCIS has filed revised loss costs. For calendar years in which NCIS has not filed revised loss costs, companies may either file revised rates or continue using their previous year's approved rates.

Rates for Independent Supplemental Multiple Peril Crop Insurance (MPCI) Products - Independent supplemental MPCI/Federal Crop product rates filed prior to the date of this bulletin need not be refiled unless they are being revised. Companies wishing to file revised rates for these products may do so, subject to the filing deadline.

Use of NCIS Final Average Loss Cost - NCIS Final Average Loss Cost (FALC) is recognized as the most reliable estimate of claim costs over time. Companies seeking to file deviations or modifications to NCIS FALC or to file independent rates must support any such requests with credible and actuarially sound data.

Rate filings based on NCIS FALC must include the following:

1. Adoption of Advisory Organization Loss Costs. Only one cover page is necessary to summarize the overall impact of the filing. Companies can use the NAIC Loss Cost Filing Document.
2. The company's most recent five-year pure loss experience and expenses.
3. The company's proposed loss cost multiplier for each product or tier of loss costs, including the development and support for the multiplier. Separate multipliers may be filed based upon product (i.e., crop hail versus companion hail), marketing type (i.e., agent, direct marketing, internet marketing), or rating tiers (i.e., loss cost ranges, loss cost modification, production expense, fixed expenses). Companies may use the NAIC Loss Cost Filing Document to show development of Expected Loss Ratio.
4. A cover letter and actuarial memorandum detailing the rationale for your request.
5. A copy of the proposed rates.

Rate filings not based upon NCIS FALC must include the following:

1. The company's most recent five-year pure loss experience and expenses.
2. A cover letter and actuarial memorandum detailing the rationale for your request.
3. A copy of the proposed rates.

Companion Hail Products, including the Production Plan, are intended to provide optional and supplemental coverage to the underlying MPCI policy. These products cannot be marketed as "stand-alone" policies. Companies choosing to write a Production Plan may adopt NCIS Production Plan factors or file their own independent factors. However, all independently filed Production Plan factors must be at 100 percent of the corresponding NCIS Production Plan factor, unless you can support a deviation.

Please Advise or Provide in your Cover Letter or Explanatory Memorandum:

1. Provide an explanation of your rounding rule.
2. Advise if these rates are identical to those of other companies, and if so, which companies.
3. Advise if your company has adopted the most recently approved NCIS FALCs and attach the appropriate NCIS adoption forms.
4. Advise whether the proposed rates contain any caps, cups, discounts, special deviations, or surcharges and support any such requests with credible and actuarially sound data.
5. Advise if the filing contains a dividend plan. Dividend Plans are permitted in South Dakota; however, they may not be paid or quoted "upfront" in the form of a premium discount or dividend guarantee. These plans must comply with all applicable South Dakota laws governing dividend plans.

### **DISCOUNTS PERMITTED**

The Insurance Department recognizes cash discounts offered for premium payments received or postmarked by August 15 or for payment in full with application for new policies written after August 15, provided the discount does not exceed five percent.

The cash discount will be allowed on policy changes after the cut-off date if the original policy was paid on a cash discount basis and payment is received with the change.

The purchaser of a crop hail insurance policy is entitled to a cash discount if the company provides one. Therefore, applications for crop hail insurance based upon filings providing the cash discount shall include notice to the purchaser specifically waiving the purchaser's option to elect a cash discount if the purchaser declines to pay the premium by the cut-off date.

If the purchaser has been properly informed, waives the cash discount, and does not make full payment at the time of application, the agent can take advantage of the cash discount by submitting full payment with the application to the company. The agent and the purchaser would, however, be in violation of state rebating laws if the agent were to subsequently pass on a cash discount to the purchaser in an agency billing.

Companies intending to offer a cash discount must file it as part of their rate filing. Failure to comply with the approved filing would be considered a violation and could subject the insurer or insurance producer to an administrative penalty.

### **DISCOUNTS NOT PERMITTED**

The following discounts are not permitted: total limit of liability, total premium volume, MPCl package, claims-free history, and tie-ins with other lines of insurance (e.g., farm owners, autos, etc.).