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.


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

S.D. Division of Insurance
445 E Capitol Ave
Pierre, SD 57501-3940

Mary Jane Cleary
Director of Insurance