

DIVISION OF INSURANCE

124 S Euclid Ave, 2ND Floor, Pierre, South Dakota 57501
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**Insurance Products & Services
Innovation Waiver Application**

Authority to authorize certain innovative insurance products and services through insurance innovation waivers was established by Senate Bill 55 passed during the 2021 Legislative Session. An insurance products and services innovation waiver will allow innovators and entrepreneurs with proposed beneficial insurance products to test new ideas in the South Dakota marketplace for a limited time.

Application packet contents include:

- Application form
- Innovation Waiver checklist

The initial application should be completed by those seeking an innovation waiver. The completed application must be filed with the South Dakota Division of Insurance (“Division”) for review and possible approval.

An applicant shall provide any additional information that the director determines is necessary. The director may require the applicant to retain independent consultants to determine the accuracy of any information submitted by the applicant at the applicant’s expense. An applicant’s failure to provide any information requested by the director forfeits the application for waiver.

An insurance innovation waiver shall be issued by the director in writing that limits the number of consumers in South Dakota that may purchase or utilize the underlying insurance product or service to no more than twenty thousand consumers and specifies any terms, conditions, and limitations that the director considers appropriate, including:

- 1) Limits on the amount of premium that may be written in relation to the innovative product or service;
- 2) Liability coverage requirements and minimum financial reserve requirements that the application must meet during the testing of the innovative insurance product or service; and
- 3) Regular or additional reporting on any aspect of the innovation insurance product or service during the test, including financial results and consumer information.

If an insurance innovation waiver is granted, information on the existence of the waiver will be posted on the Division’s website which will include the name of the recipient of the waiver, the approval and termination date of the waiver, general terms and conditions or limitations of the waiver, and any additional information considered appropriate by the Division.

Insurance Products and Services Innovation Waiver Application

For SD DOI use only

Section I. Applicant Information: (Use tab key, arrow keys, or mouse click to navigate form fields.)

Part A: Applicant Information

Applicant Type:

- Individual
 Group/Partnership/Agency or Business Entity
 Insurance Company

Applicant Name		SSN or Federal Employer Identification Number	
Business Street Address	City	State	ZIP
Mailing Address: <input type="checkbox"/> (check if mailing address is same as principal address)	City	State	ZIP
Primary Contact (if different than applicant name)		Position/Title	
Primary Contact Email	Phone	Fax	
Agency/Business Entity/Insurance Company Website	Organization Public Email (if different from email provided for primary contact)		
Are you licensed with the South Dakota Division of Insurance? <input type="radio"/> Yes <input type="radio"/> No	If yes, provide License Number		

Part B: Additional Group or Organization Management, Officers and Employees (attach an additional sheet if necessary)

Name:	Name:
Address:	Address:
Position/Title:	Position/Title:
Name:	Name:
Address:	Address:
Position/Title:	Position/Title:

Part C: Disclosure of Criminal Convictions for Applicant and All Participants (attach an additional sheet if necessary)

Has the applicant or any participating personnel or associates ever been convicted, been found guilty by verdict of a judge or jury, or entered a plea of guilty or nolo contendere or no contest, or having been given probation, a suspended sentence, or a fine? Yes No

Name:	Specify and describe the nature of the crimes(s) and/or offense(s). Attach additional sheets as necessary. Please provide reference number when items are continued on another sheet.
Date of Crime/Offense:	
Date of Arrest:	Name and address of court
Date of Disposition of Charges:	What was the disposition of the case (e.g., convicted, pled guilty, accepted into pretrial intervention program, etc.)?
Were you sentenced? <input type="radio"/> Yes <input type="radio"/> No	If yes, what was the sentence imposed (include fines, community service, etc.)?

Section II. Innovative Insurance Product and/or Service Description (answers provided will supplement any formal proposal and additional required documentation submitted with this application)

Please provide a brief description of the innovative product and/or service being proposed to be considered for and insurance innovation waiver:

[Click or tap here to enter text.](#)

Briefly describe the potential benefits to consumers of the innovative insurance product or service:

[Click or tap here to enter text.](#)

Please indicate the physical and/or virtual location to be used for testing/offering the innovative product and/or service and where all required records, documents, and data will be maintained:

Physical Location:

Virtual Location:

Section III. Applicant Affirmations and Attestations:

(i). I affirm and attest, on behalf of the above-named insurance products and services innovation waiver applicant, that:

- The applicant is subject to the jurisdiction of the state;
- The applicant has established a physical or virtual location that is adequately accessible to the Division, from which testing will be developed and performed and where all required records, documents, and data will be maintained;
- The applicant has disclosed all criminal convictions of the applicant and all participating personnel in Section I;
- The applicant has the necessary personnel, financial and technical expertise, access to capital, and developed a plan to test, monitor, and assess the innovative insurance product or service; and
- The applicant has included a nonrefundable application fee of two-thousand dollars that may be reduced or eliminated by the director if the applicant holds a license issued by the Division.

(ii) I affirm and attest, on behalf of the above-named insurance products and services innovation waiver applicant, that:

- The application of current law, regulation, or bulletin inhibits the introduction of an innovative or more efficient insurance product or service that the applicant intends to test during the period for which the proposed waiver is granted;
(Please indicate specifically how this innovation is inhibited by current law, regulation or bulletin)
[Click or tap here to enter text.](#)
- The public policy goals of the law, regulation, or bulletin will be or have been achieved by other means;
(Please provide detailed description of how public policy goals have been achieved)
[Click or tap here to enter text.](#)
- The waiver will not unreasonably increase risk to consumers or create unreasonable unfair competition in the insurance market; and
- The waiver is in the public interest.

(iii). I affirm and attest, on behalf of the above-named insurance products and services innovation waiver applicant, that:

- The applicant has included supplemental information describing the innovative insurance product or service to be offered if the waiver is granted, including:
 - how the product or service functions;
 - how the innovative insurance product or service is different from other insurance products or services available in the state;
 - the manner and terms on which it will be offered, including copies of any contracts to be tested;
 - identifying state laws, regulations, licensing, and other requirements in title 58 that prohibit the introduction, sale, or offering of the innovative insurance product or service that the applicant is seeking to have waived for testing;
 - explaining the potential benefits to consumers of the innovative insurance product or service;
 - explaining the potential risks to consumers posed by the product or service and how the applicant proposes to mitigate such risks, including all proposed consumer disclosures;
 - explaining how participating in the insurance innovation waiver would enable a successful test of the innovative insurance product or service with narrative for proposed beginning operations, ongoing operations, and the

- proposed process regarding waiver termination, including plans to obtain necessary licensure or authorizations after the waiver is terminated; and
- explaining how the applicant will terminate the waiver and protect consumers if the test fails, including providing evidence of sufficient liability coverage and financial reserves to protect consumers and to protect against insolvency of the applicant;

(iv). I affirm and attest, on behalf of the above-named insurance products and services innovation waiver applicant, that the applicant fully understands and intends to comply with:

- any requirement to make a deposit of cash or marketable securities in the manner provided under chapter 58-7 in the amounts, conditions, and for such purposes as the director determines necessary for the protection of consumers;
- any requirement for a bond, in lieu of a deposit, in an amount and with such conditions as the director determines is necessary for the protection of consumers; and
- providing the required disclosures to consumers before providing an innovative insurance product or service disclosing the following:
 - The name and contact information of the participant;
 - The innovative insurance product or service is authorized pursuant to a waiver;
 - The participant does not have a license or other authorization to provide insurance product or service under state laws that regulate insurance products or services outside a waiver, if applicable;
 - The innovative insurance product or service may not function as intended and may expose the consumer to financial risk;
 - The participant is not immune from civil liability for any losses or damages caused by the innovative insurance product or service;
 - The Innovative insurance product or service is not covered by any guaranty association if the participant becomes unable to pay claims;
 - The state of South Dakota does not endorse or recommend the innovative insurance product or service;
 - The innovative insurance product or service is a temporary test that may be discontinued at the termination of the testing period;
 - The expected termination date of the testing period; and
 - The instruction that a consumer may contact the Division of Insurance to file a complaint regarding the innovative insurance product or service and providing the Division’s telephone number and website address where a complaint may be filed.

I certify on behalf of the insurance products and services innovation waiver applicant that the information provided in this application and supporting documentation is accurate, complete, and current as of this date. I understand that failure to comply with the requirements and regulations of the Insurance Products and Services Innovation Waiver Program may result in termination of waiver for cause. I understand participation in the Insurance Products and Services Innovation Waiver Program does not restrict the director’s application of chapters 58-4 and 58-29B.

Signature of Applicant or Authorized Representative

Date

Printed Name of Applicant or Authorized Representative

The completed application, as well as any formal proposal and required supplemental materials should be submitted to the:

**South Dakota Division of Insurance
Attn: Innovation Waiver Program
124 South Euclid Avenue
Pierre, SD 57501**