

# South Dakota Division of Insurance

Fall 2006

## Calendar of Events

### Life Health Agent Advisory Committee Meeting

Date:  
September 20

Place:  
Matthews Training Center

Time:  
9:30 am - 12:00 p.m.

### Property Casualty/ Work Comp Agent Advisory Committee Meeting

Date:  
September 20

Place:  
Matthews Training Center

Time:  
1:30 pm - 4:00 pm

Division of Insurance  
445 E Capitol  
Pierre, SD 57501  
Tel: 605-773-3563  
Fax: 605-773-5369  
insurance@state.sd.us

## From the Directors Desk

It has already been a year since I assumed the position as your Insurance Director. Many things have happened over this short year to help me adjust to the position. I want to thank all those people who have helped me over the past year to become a better Insurance Director. Looking into the second year, there are many things we can accomplish together. The Division of Insurance, while being a regulatory body, will still maintain an open door policy to consumers and industry alike in order to accomplish mutual goals for a healthy and viable insurance climate in South Dakota. Several items to watch in the second year are:

**Project Image** - This pilot program started in the first year and is developing into an insurance educational tool for South Dakota consumers and insurance industry. We are currently revamping our website to be more user friendly and also incorporate an educational tone with information for anyone interested in different facets of insurance coverage. We hope to have this completed sometime in 2007.

**Consumer Alerts** became a part of this program in recent months. These timely notices on insurance issues are aimed at specific areas of insurance concern throughout the year. Our latest one addressed college health insurance needs as our students returned to college. We distribute these notices to the press and through our email list serve. If you are not a member of our list serve, please contact Melissa Kusser at the Division.

**Automation** - We have recently completed our selection process for a new automation system for the Division. We are excited about the efficiencies that this new system will bring to us and ultimately to consumers and industry. Areas such as producer licensing and enforcement will be greatly enhanced. We hope to start this process within the next two months after the contracts have been

completed.

**Crop Insurance** - If you did not know, South Dakota sits as the Chair of the Crop Insurance Working Group for the National Association of Insurance Commissioners (NAIC). Our next meeting is in St. Louis in September. There are many key issues this working group reviews, but a new issue has surfaced and will be discussed in St. Louis. This issue revolves around the Risk Management Agency's (RMA) procedures for their Cooperative and Trade Association Payments to Producer program. This program however appears to violate our rebating statutes and the RMA has acknowledged that state statutes on rebating are not preempted by this program. We will keep you informed as this does or does not develop.

**Legislation 2007** - The Division of Insurance (DOI) will present several bills at the 2007 session. Most of them are statute clean up type bills, but one bill will receive more attention than the others. DOI has a need to reform the unfair claim statute. We have had a meeting with industry to communicate each others likes and dislikes about such a bill. I have circulated a preliminary draft of the legislation which represents a combination of what is contained in the NAIC model as well as measures addressing persistent problems that have been identified through our consumer assistance program. I do intend to proceed with this important consumer protection measure but welcome any constructive input that anyone may have on this legislation to enhance it. If anyone is interested in the latest draft, please contact Mellissa Kusser from our office.

Again, I thank you for your support throughout my first year and that which you undoubtedly will provide me during my second year as your insurance director.

Thank you.  
Merle Scheiber  
Director, SD Division of Insurance

## Committee

## Membership

\* Producer Licensing  
Committees

\* Long Term Care  
Working Group

\* Uninsured Motorist  
Work Group

\* Surplus Lines Task  
Force

\* Regulatory Frame-  
work Task Force

\* Workers Compens-  
ation Task Force  
(Vice Chair)

\* State Innovation  
Work Group

\*Terroist  
Impementation (Vice  
Chair)

\* C Group

\* Crop Insurance  
Work Group (Chair)

\* MEWA Subgroup

# Continuing Education

Beginning July 1, 2006, the license renewal and continuing education requirements for resident producers over age sixty-five (65), have been revised as follows:

All licensees over age 65 will be required to pay a \$20 biennial license renewal fee, beginning April 30, 2008. The renewal fee will be required even if a licensee is exempt from continuing education requirements.

In regards to Continuing Education the following specifications apply.

For those Licensees who have reached the age of 65 prior to July 1, 2006 and who have been licensed for at least ten years as of July 1, 2006 they will continue to be exempt from continuing education requirements.

A Licensee who has reached the age of 65 after July 1, 2006, and who has been licensed for at least ten years and no longer sells, solicits, or negotiates insurance is exempt from continuing education requirements.

## Updates on Certificate of Insurance

When [Bulletin 06-02](#) was issued, agents were advised that certificates of insurance could not be issued with language indicating that the insurer would endeavor to provide notice to identified entities, when the language of the certificate did not accurately reflect the language of the policy. On September 6, 2006, the Division approved an ISO filing (CR 20 16 08 07) that contained the endeavor to provide notice language in an endorsement. To the extent that insurers adopt that language and issue policies that contain this endorsement, certificates may be issued which contain the endeavor to provide notice language.

## Upcoming Seminar

On October 18<sup>th</sup> and 19<sup>th</sup> the US Department of Labor is hosting a seminar in Pierre designed to provide compliance assistance to employers and others involved in employee benefit programs. The focus of this seminar is HIPAA compliance in many areas including portability and access, privacy, nondiscrimination, FLMA, COBRA and HSAs. The Division will participate and provide information on state specific requirement in these areas. Any interested parties are encouraged to attend and can obtain additional information by contacting the Division at 773-3563.

Those Licensees who reach the age of 65 after July 1, 2006 and continue to sell, solicit, or negotiate insurance are subject to our continuing education requirements. The current continuing education reporting period is for the two years ending April 30, 2008.

If you have any questions concerning these new requirements, please call Jo Mikkelsen at (605)773-3946 or email [Jo.Mikkelsen@state.sd.us](mailto:Jo.Mikkelsen@state.sd.us).

## CMS PROCESSING ERROR

The Centers for Medicare and Medicaid Services (CMS) has sent letters to a relatively small number of beneficiaries about a refund they received in error with respect to Part D premiums withheld in their Social Security checks. These beneficiaries are continuing to receive their drug coverage through their Part D plans with out any interruption.

This situation affects a small subset about 230,000 people or 5 percent of the 4.6 million beneficiaries who have their drug plan premiums withheld by the Social Security Administration (SSA). The affected beneficiaries reside in all states in the U.S. and in the territories. No beneficiary enrolled in the limited –income subsidy (LIS) is affected.

These beneficiaries are now receiving letters from CMS informing them of the error. The letter also reminds beneficiaries that Medicare will not ask them to provide any personal, Social Security, or banking information and asks beneficiaries to continue to protect their personal information. ■

If you have any additional questions, please contact CMS at 1-800-MEDICARE (1-800-633-4227) TTY users should call 1-877-486-2048.