
Subsection 12(a) of the Military Personnel Financial Services Protection Act, Pub. L. No. 109-290 (2006), prohibits an insurer after September 1, 2007, from entering into or renewing a contractual relationship with an agent or other person who sells life insurance on a military installation unless the insurer has implemented a system to report disciplinary actions taken by: (1) the insurer or (2) any Federal or State government entity against its agents for conduct occurring on a military installation. The insurer is required to report such disciplinary actions to both its domiciliary regulator and to the agent’s resident regulator (“The Federal Reporting Requirement”).

To simplify the Federal Reporting Requirement for insurers, the NAIC has implemented a Military Sales Online Reporting System that may be accessed at the following Web link of the National Association of Insurance Commissioners: https://external-apps.naic.org/msors/. The Military Sales Online Reporting System will, in turn, forward the reported information to all appropriate state insurance departments. Reporting via Military Sales Online Reporting System will satisfy the mandate of the Federal law. We strongly encourage you to use the Military Sales Online Reporting System.

All insurers doing business in this state must comply with the “Federal Reporting Requirement” and shall demonstrate to the Commissioner, upon request, that they have complied with the reporting requirements.

License Renewals

Sircon’s Compliance Express is a web-based service that allows you to connect with the Division’s Sircon for States system. This site enables you to renew your license electronically. You are also able to verify your continuing education credit hours. The site is www.sircon.com/southdakota. You are no longer required to send us a continuing education report (verification form and certificates of course completion or the renewal fee to our office). You can access your continuing education course credit hours through the same database, www.sircon.com/southdakota, for course availability.

The Sircon database opened sixty days prior to April 30, 2008 for receipt of renewal payments. If you do not renew electronically by April 30, 2008, your license will be cancelled. You will not be able to renew your license unless you have completed your CE requirements and they are correctly recorded on Sircon for States. We strongly encourage you to check your CE information on the database as soon as possible and if it is incorrect and you have certificates of course completion and/or grade reports for designated courses that are not recorded on the system, you can either e-mail jo.mikkelsen@state.sd.us or mail your certificates and/or grade reports. Information will be manually encoded onto the Sircon for States database.
Bills Passed during the 2008 Legislative Session

**HB 1013 - An Act to remove waiting periods for property casualty filings.** This bill simply deletes a reference regarding the waiting period on property casualty rate filings that is no longer applicable with the advent of file and use. This legislation will not result in any change in the way that property casualty rate filings are handled.

**HB 1072 - An Act to clarify the intent of the appointments of panel for voluntary review of first level decision.** This bill will correct ambiguous language so the review process follows the original intent of the legislation. It deletes the word “without” and inserts the word “with” to make it clear that reviewers must have the appropriate expertise.

**SB 36 - An Act to amend the discount medical plan organizations renewal period requirements.** This bill will amend the original legislation to require DMPOs to register 45 days prior to July 1 of each year rather than the current 90 day requirement. This change will bring the discount plan registrations uniform with other entities registered by the Division of Insurance.

**SB 202- An Act to prohibit certain military sales practices for life insurance and annuities.** This legislation sets standards for the sale of life and annuity products to military personnel who are grade E4 and below. Certain unfair sales practices are prohibited such as making improperly induced sales and utilizing military payment procedures to pay premiums.

**HB 1318- An Act to provide options for those who elect continuation of health insurance.** Provides for those who elect to continue group health coverage the option to reduce benefits on their continuation coverage so as to make the coverage more affordable.

**HB 1212- An Act to allow the marketing of group insurance for wireless telecommunications equipment under certain conditions.** This bill amends our statute listing those types of property casualty insurance that can be marketed on a group basis to now include group property casualty coverage for wireless telecommunications equipment...

**SB 37 - An Act to establish suitability requirements for annuities.** This bill will protect annuity purchasers by establishing minimum suitability standards for both insurance companies and agents for the sale of annuities. Specifically this bill will require that agents have reasonable grounds for believing recommendations are suitable, reduce the opportunity for misrepresentation, and require a system of controls by insurance companies to help insure that annuity sales are suitable.

**SB 114- An Act to allow for risk pool eligibility and rate flexibility for certain health insurance conversion plans.** Allows for rate flexibility for health insurers who offer coverage on a guaranteed issue basis and allows those opting for that coverage to continue to be eligible for the risk pool. It also provides for risk pool eligibility for those that have reached their lifetime maximum on a conversion policy.

**SB 132- An Act to clarify provisions regarding the continuation of coverage after an employer ceases business operations.** Clarifies eligibility for continuation pursuant to Chapter 58-18C by defining the phrase "ceasing operations."

**SB 1213 An Act to provide a uniform standard for processing of accident and health carrier policy rate and form filings.** This bill is an NAIC model that will provide uniformity among states for health filing procedures. The bill will require the Division to post all health filing requirements on the website.

**HB 1194 An Act to revise certain provisions regarding group life insurance policies.** This bill removes restrictions on the way in which group life insurance can be purchased. This bill will allow for employees to pay for all or a portion of a group life insurance premium, which in turn will give more employers the opportunity to offer group life insurance policies. Previously base policies were required to be paid completely by employers and only supplemental group life could be partially or fully paid by the employee.

**SB 158 - An Act to clarify certain provisions regarding the supervision, rehabilitation, and liquidation of insurers.** The bill adds language to our rehabilitation statutes SDCL 58-29B that includes the terms conservator and receiver for clarification purposes.

**HB 1200 - An Act to clarify the computation for premium tax payable for individual life insurance policies purchased by South Dakota residents.** This amends our retaliator statute which provides for the collection of additional premium taxes from out of state insurance companies if they come from a state that charges our residents a higher tax or fee in the aggregate than South Dakota. This brings our retaliatory statute into congruence with the premium tax statute.

**HB 1211- An Act to revise the audit requirements for farm mutual insurers.** Current law requires audits of farm mutuals just like any other insurer once they hit the $1 million threshold. This bill will raise the threshold to $2 million for farm mutuals. The Division of Insurance would still retain the right to request an audit at any time.
Welcome
The Division has recently hired an individual to do market analysis, exam management, multi state examinations and NAIC related functions. The Division welcomed Nicholas Carda to the Division staff on March 31, 2008.

Supreme Court Upholds Premium Tax Credits
The South Dakota Supreme Court has overturned a lower court decision and found the state’s home office premium tax credit is constitutional. With this ruling, domestic insurers and insurers establishing a home office in South Dakota can continue to receive a 50% credit on their premium tax.

Updated Website
The Division of Insurance launched an updated version of their website http://www.state.sd.us/insurance/ on Tuesday, January 15, 2008. The new site has been redesigned to better meet the needs of consumers, regulators, and producers. The website provides enhanced access to Insurance information and resources. A clearer structure, simplified navigation and improved search functions make finding insurance materials easier than before.

Calendar of Events

April 16
Public Hearing to Adopt Rules

April 25
Public Hearing to Adopt Rules

April 30
Resident License Renewal Deadline

April 30
Surplus Line Broker Renewal Deadline

May 15
1st Quarter Financial Statements for SD Domestic Companies

June 1
Independent Auditors Report (CPA Report) Due