



Division of Insurance



SOUTH DAKOTA
DEPT. OF **LABOR**
& **REGULATION**

124 S. Euclid, 2nd Floor | Pierre, SD 57501
Phone: 605.773.3563 | Fax: 605.773.5369
insurance@state.sd.us
Larry Deiter, Director

Spring 2024

In this Issue

Page 1

South Dakota Joins

Insurance Compact
Commission

Page 2

2024 NAIC Committee List

Producer Licensing
Modernization Update

Unauthorized Health Plan
Enrollments or Transfers

Page 3

2024 Legislative Recap

2025 Qualified Health
Plan Product Filing
Deadlines

Page 4

CMS 2024 Open
Enrollment Report & PUF

2023 Annual Reports
Available

Administrative Rule
Changes

2024 NCCI Workers'
Compensation Informal
Hearing

South Dakota Joins Insurance Compact Commission

South Dakota Division of Insurance Director Larry Deiter is pleased to announce South Dakota has joined the Insurance Compact Commission as its 48th member jurisdiction. As referenced in the news release issued by the National Association of Insurance Commissioners (NAIC) on February 28:

South Dakota becomes the 48th member of the Interstate Insurance Product Regulation Commission (Commission). Governor Kristi Noem signed H.B. 1091 on February 27, 2024, and the measure becomes effective on July 1, 2024. South Dakota joins 45 states, the District of Columbia, and Puerto Rico in the Commission's commitment to a national state-based system of efficient product regulation.

"Joining the Insurance Compact is an important step in preserving South Dakota's right to regulate its insurance marketplace, and South Dakotans will benefit from the availability of product offerings that must meet rigorous consumer-centric standards," said Deiter. "I want to thank Governor Noem and the South Dakota legislature for recognizing the importance of collaborating with my esteemed colleagues in fellow compacting states to achieve meaningful uniformity for asset-based insurance products and how important this work is to our state's insurance marketplace."

The Insurance Compact enables state insurance regulators to develop uniform national standards for asset-protection insurance products, such as life insurance, annuities, disability income, and long-term care insurance. The Insurance Compact establishes a central filing point for these insurance products, enhancing the speed and efficiency of regulatory decisions and allowing companies to compete more effectively in the modern financial marketplace, while continuing to provide protection for consumers.

Filers may begin to add South Dakota to submitted or previously approved annuity and life insurance product filings beginning on July 16, 2024. South Dakota's legislation did not include disability income or long-term care insurance products; therefore, companies may not include South Dakota in any new or existing disability income or long-term care insurance filings. Incoming Compacting jurisdictions are also afforded 10 business days to exercise additional opt-outs.

The press release may be viewed in its entirety [here](#). Additional information on the compact may be accessed on the [Insurance Compact's website](#).

2024 NAIC Committee List

The South Dakota Division of Insurance serves on 30 National Association of Insurance Commission (NAIC) committees, task forces and work groups.

Director Larry Deiter serves as Chair for the Surplus Lines Task Force and the Producer Licensing Task Force.

[View the 2024 NAIC Committee List.](#)

Producer Licensing Modernization Update

In the continued effort to evaluate, update and modernize producer licensing business rules, the Division of Insurance will implement an adjustment to the timing associated with the reinstatement of a producer license lapsed due to failure to renew.

Currently, when a producer fails to renew their license by the expiration date, the ability to reinstate the license was not available until after four days had passed. This "wait period" prior to the ability to reinstate was to allow for paperwork processing. Technological advancements in the producer licensing process have essentially eliminated the necessity for the delay before reinstatement.

As of June 1, 2024, a producer whose South Dakota producer license has lapsed for failure to renew will be able to initiate action to reinstate their license on the first day of the month after their expiration date.

For example, under the new business rule, a producer license lapsing on May 31 for failure to renew could be reinstated as soon as June 1 instead of having to wait until June 5.

Any questions can be directed to the Division's Producer Licensing area by email to sdinsurance@state.sd.us or by phone at 605.773.3563.

Unauthorized Health Insurance Plan Enrollments or Transfers

Recent news stories describe an increase of incidents across the nation of unauthorized Marketplace health coverage plan enrollments and plan transfers by unscrupulous agents. Consumer complaints of being switched from one plan to another without the policyholder's express permission has been reported in multiple states, including South Dakota.

An unauthorized plan switch which cancels or terminates the consumer's desired policy may leave them unable to see their doctor for health care services or fill needed prescriptions.

The Centers for Medicare and Medicaid implemented consent requirements in the 2024 Payment Notice applicable to qualified health plans available through [Healthcare.gov](https://www.healthcare.gov) requiring agents/brokers to obtain a policyholder's written or verbal recorded consent before a plan change can be made. This requirement appears to have little impact on curbing the unauthorized plan transfer practice.

The Division of Insurance encourages South Dakota agents who are made aware of an unauthorized policyholder's plan switch to assist the policyholder in filing a complaint with the federal Marketplace at 800.318.2596 or contacting a Division Consumer Services Specialist at 605.773.3563.

2024 Legislative Recap

South Dakota's legislature adjourned on March 25, 2024, concluding the 99th Legislative Session. More than 550 bills, resolutions, and commemorations were filed during the scheduled 38-day session. No vetoes were issued.

The South Dakota Department of Labor and Regulation requested the introduction of five bills, including two specifically addressing state insurance laws.

[House Bill \(HB\) 1059](#) adds two new financial tools developed nationally that can be used to determine the solvency of insurance companies to better protect South Dakota consumers. This legislation helps maintain the Division of Insurance's accreditation with the National Association of Insurance Commissioners (NAIC) standards. This bill was signed by Governor Kristi Noem on February 12, 2024.

[Senate Bill \(SB\) 41](#) provides an alternative solution to address licensees who have not responded to Division inquiries and do not participate in the current formal hearing process resulting in license revocation. Procedures included in this legislation maintain due process protections for licensees by preserving the right and opportunity for an administrative hearing before final action is taken by the Division. This bill was signed by Governor Kristi Noem on February 5, 2024.

Other bills of interest affecting insurance regulation that successfully passed in 2024 include:

- [HB 1091](#) – An Act to enact the Interstate Insurance Product Regulation Compact.
- [HB 1126](#) – An Act to permit an alternative delivery method for issuance of a policy by an insurer.
- [HB 1183](#) – An Act to modernize the process for annual audits of third-party insurance administrators.
- [SB 72](#) – An Act to increase the annual limit of tax credits that an insurance company may claim through the partners in education tax credit program.
- [SB 94](#) - An Act to amend provisions pertaining to the partners in education tax credit program.

Each bill referenced in this article has an effective date of July 1, 2024. Interested parties can review the actions taken by the South Dakota Legislature via the [Legislative Research Council website](#).

PY2025 Qualified Health Plan Filing Deadlines Released

Division of Insurance Bulletin 25-01 outlines the PY2025 Qualified Health Plan Product Filing deadlines for all on and off-exchange Individual and Small Group ACA-compliant health insurance plans.

Issuers who intend to market or renew ACA-compliant products after January 1, 2025, must comply with this filing deadline for all rates, forms, access plans, and binder filings.

All filings must include a detailed cover letter. Binder filings must include the Summary of Benefits and Coverage (SBCs) for each plan offered.

Filings submitted after the applicable date will not be accepted for review. No revisions will be allowed to the filings after the designated deadlines, except as required by the Division of Insurance or the federal government.

These deadlines do not apply to grandfathered health plans or non-grandfathered health plans with effective dates before December 31, 2013.

The bulletin can be viewed in its entirety [here](#).

Health Insurance Marketplace 2024 Open Enrollment Report & Public Use Files (PUF)

The Centers for Medicare & Medicaid Services (CMS) has released the [2024 Open Enrollment Report](#). The report includes information on [Healthcare.gov](#) Marketplace plan selections, the number of new consumers signing up for marketplace coverage during open enrollment and demographic trends.

A total of 52,974 open enrollment plan selections were recorded for South Dakota through [HealthCare.gov](#). This is an increase of 11% over open enrollment in 2023.

PUF available for HealthCare.gov includes information on plan selections including deductibles, HSA eligibility, and standardized plan option selection rates. [Access CMS Healthcare.gov PUF](#).

2023 Annual Reports Available

[Department of Labor and Regulation 2023 Annual Report](#) - The Department of Labor and Regulation has released its [2023 Annual Report](#). This report recaps the wide variety of operations, regulatory oversight and programs administered by the department. [View the department's annual report as well as other department publications](#).

[NAIC 2023 Annual Report](#) - The NAIC 2023 Annual Report titled "Shaping Our Future" was released in March 2024. [View the NAIC 2023 Annual Report](#).

[NIPR 2023 Annual Report](#) - Reporting 103 million transactions in 2023 and a database including over 8.7 million producer records, the National Insurance Producer Registry (NIPR) released its 2023 annual report. Division of Insurance Director Larry Deiter serves as NIPR Board President. [View the NIPR 2023 Annual Report](#).

Administrative Rule Changes

Administrative rule changes to Chapter 20:06:13 Appendix D have been adopted with an effective date of May 29, 2024. The effect of this rule updates the Division's Medicare Supplement rules to incorporate the 2024 Medicare Supplement coverage amounts set by the federal government. [View the final rules text](#).

A public hearing was held May 20, 2024, on proposed rule changes to date certain references throughout Chapter 20:06, a citation update to §§ 20:06:09:45 and the adoption of rules related to House Bill 1059 referenced in the Legislative Update article on page 3 of this newsletter. [View the proposed rules text](#).

[View recent Administrative Rule changes for the Division of Insurance](#).

2024 NCCI Workers' Compensation Advisory Loss Costs & Assigned Risk Rates Informal Hearing

An informal hearing was conducted on Wednesday, March 27, 2024, to discuss the proposed 2024 NCCI Workers' Compensation Voluntary Advisory Loss Costs and Assigned Risk Rates filing. The proposal reflected an overall average decrease of 1.3% in the advisory loss costs and an overall rate level decrease of 6.1% in the assigned risk market. The filing was approved April 2024 with an effective date of July 1, 2024.