



Division of Insurance



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

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Veterans Eligible for Reimbursement of Exam Fee

The South Dakota Division of Insurance has obtained approval from the Department of Veterans Affairs (VA) for veterans to obtain reimbursement for exam fees for insurance producer licenses in the state of South Dakota.

The approval for reimbursement for exam fees to veterans has been retroactively applied, effective July 1, 2017. No exams taken prior to that date are eligible for reimbursement.

To obtain reimbursement, a veteran must complete and submit OMB form 2900-0695. This form can be accessed from the VA at <https://www.vba.va.gov/pubs/forms/VBA-22-0803-ARE.pdf>.

The VA has created a checklist to aid in completing the reimbursement form, available at https://www.benefits.va.gov/gibill/docs/pamphlets/lc_brochure.pdf.

The VA facility code assigned to South Dakota is 46000041. This code (VA Facility Code 46000041) should be included on the reimbursement form in Box 8 (pertaining to organizational information), or in Box 11 – the remarks section.

The approved exams eligible for exam cost reimbursement consideration are:

- SD Crop Producer
- SD Personal Lines Producer
- SD Property and Casualty Producer
- SD Casualty Producer
- SD Property Producer
- SD Accident and Health of Sickness Producer
- SD Life Producer
- SD Bail Bonds Producer
- SD Life, Accident and Health or Sickness Producer

Additional information on VA benefits for licensing and certification is available at https://www.benefits.va.gov/gibill/licensing_certification.asp.

Questions may be directed to the Department of Veterans Affairs at www.GIBILL.va.gov. Select the “Ask a Question” link available under “Contact Us.”

Workers' Compensation Informal Hearing Held March 28

Pursuant to SDCL 58-24-67, a workers' compensation informal hearing was held March 28. The proposed National Council on Compensation Insurance Inc. (NCCI) Advisory Loss Costs and Assigned Risk Rate Filing were discussed.

The filing proposed an overall average decrease of 7.0 percent to the current voluntary advisory loss cost level and an overall average rate level decrease of 18.4 percent to the current assigned risk rate level. The information on the proposed July 1, 2018, Loss Cost/Assigned Risk Filing was presented by Robert Moss and Carla Townsend of NCCI.

ReliaMax Surety Company Placed in Liquidation

The South Dakota Division of Insurance petitioned the Hughes County Circuit Court on June 12, 2018, to place ReliaMax Surety Company into liquidation due to insolvency. The South Dakota-based insurance company writes surety bonds covering student loan repayment to financial institutions throughout the nation.

Judge Patricia J. DeVaney approved the petition on June 27, 2018, and appointed Division of Insurance Director Larry Deiter as the liquidator and receiver of the company's estate.

Deiter says having the [order](#) in place allows the Division to provide protection to affected policy holders by preserving company assets for claims payment.

The liquidation order directs the liquidator to take possession of and safeguard the property of the insurer and conduct the insurer's business in the interim while taking the steps needed to bring the affairs of the business of the insurer to an end.

"The next step of the process includes notifying policy holders, claimants and other interested parties of the liquidation status and providing established procedures to file claims," said Deiter.

Questions on the liquidation process can be directed to the Division of Insurance at 605.773.3563.



South Dakota to Open Business Entity Renewals

Effective July 1, 2018, South Dakota business entity licenses will be assigned an expiration date and a business entity will be required to renew on a biennial basis to maintain its license.

The licensing renewal process was created with the passage of [House Bill 1033](#) during the 2018 South Dakota Legislative Session. As part of the license renewal, each business entity will identify an individual licensed insurance producer as a primary contact for the entity on record with the Division of Insurance. The bill can be read in its entirety at <http://www.sdlegislature.gov/>.

Entities licensed before April 1, 2018, will be considered to have a July 1, 2018, expiration date. These entities will have until Sept. 28, 2018, to submit their renewal application. The license status for licensees who do not complete the renewal timely will be updated to "non-renewal."

Business entities with licenses issued on or after April 1, 2018, will have a renewal date two years from the license original issue date. Subsequent renewal dates for business entity licenses will be every two years.

An expired license may be reinstated up to one year after the expiration date. If over a year has passed, a new license application must be completed.

Resident and non-resident renewals for business entities will be completed electronically through [NIPR](#) or [Vertafore \(Sircon\)](#). While there is no fee by the State for the license renewal, a vendor transaction fee may apply.

Extension of Transition Policies

On Thursday, Feb. 23, 2017, the Centers for Medicare and Medicaid Services (CMS) released guidance allowing for the extension of transitional policies beginning on or before Oct. 1, 2018, provided that all transitional coverage ends by Dec. 31, 2018.

South Dakota will permit issuers that have renewed policies under the transitional policy continually since 2014 to renew such coverage for a policy year starting on or before Oct. 1, 2018; however, any policies renewed under this transitional policy must not extend past Dec. 31, 2018. South Dakota will apply this extension to the individual and small group market.

Issuers wishing to operate under this transition guidance or who plan to discontinue their transition policies under the previously issued guidance were asked to submit their intentions to the Division of Insurance as an Informational Filing through SERFF by May 15, 2018. With this filing, issuers were asked to provide the Division with the number of individuals impacted in their respective markets.

Transition plan guidance from CMS:

- <https://www.cms.gov/CCIIO/Resources/Letters/Downloads/commissioner-letter-11-14-2013.pdf>.
- <https://www.cms.gov/CCIIO/Resources/Regulations-and-Guidance/Downloads/Extension-Transitional-Policy-CY2018.pdf>.

The Division Bulletin 18-03 about the extension of transitional policies is available [here](#).

Recent Administrative Rule Changes & Bulletins

Administrative Rule Changes – Effective June 25, 2018

[20:06:12](#), [20:06:19](#), [20:06:25](#), [20:06:26](#), [20:06:36](#), and [20:06:59](#) - Rules to amend Medicare supplement, long-term care, rating area rules, and Securities Regulation definition of qualified custodian.

Pending Administrative Rule Changes – Proposed changes include:

[20:06:12](#), [20:06:19](#), [20:06:25](#), [20:06:26](#), [20:06:36](#), and [20:06:59](#) - Rules to update date certain references and the definition of Health Organization.

Division Bulletins issued in 2018:

- 18-03 Extension of Transition Policies
- 18-02 2019 Product Filing Deadlines
- 18-01 Defense within Limits

2018 Legislative Session Recap

South Dakota legislative session officially ended with “Veto Day” on March 26. Over 670 bills, commemorations and resolutions were introduced during the 38-day session.

Four bills were introduced on behalf of the Department of Labor and Regulation, Division of Insurance, and all successfully completed the legislative process. The following list is the recap of the Division bills, as well as other department and industry-related bills passed during the 2018 legislative session. Unless otherwise noted in the individual bill, all legislation signed into law has an effective date of July 1, 2018.

Division of Insurance Bills

House Bill 1033 establishes a biennial license renewal process for business entities operating in South Dakota. As part of this renewal process, business entities will be asked to provide a point of contact and responsible party for an entity’s compliance. Additional information regarding the license renewal process will be provided by the Division prior to the enactment of this law. This bill was signed by Governor Dugaard on Feb. 27, 2018.

2018 Legislative Session Recap, continued

On Feb. 8, the Governor signed House Bill 1034, an act to require certain insurance companies to identify and locate beneficiaries on life policies and annuity contracts. This bill outlines reasonable steps for insurers to complete as part of their practice for identifying and paying out of death benefits to beneficiaries. Companies will utilize the federal Death Master File or other comprehensive databases to determine policyholder death and then proceed to locate contract beneficiaries. This legislation is a combination of the model laws drafted by the National Council of Insurance Legislators and National Association of Insurance Commissioners.

House Bill 1041 amends South Dakota Codified Law chapter 58-43 to require large insurance companies to have an internal audit function in place. This function provides independent and objective feedback to the company's board of directors on governance, management and internal controls. This is designed to assist the board of directors in evaluating the company and management's ability to protect assets, their effectiveness and the efficiency of controls. This internal audit function also aides to make apparent the overall compliance with policies and regulations. This legislation impacts insurance companies with over \$500 million in premium and insurance company groups with more than \$1 billion in premium. This bill was signed by the Governor on Feb. 5, 2018.

The Division's request for statutory cleanup was presented in House Bill 1042. This legislation corrects references in Title 58 (Insurance Law) and Chapter 47-31B (Securities Regulation). HB 1042 corrects Department and Division title references in statute to reflect the 2017 Executive Order transfer of the Division of Securities functions to the Division of Insurance. The bill also addresses an outdated practice requiring the Division to use of a seal for certain securities regulation transactions; this practice would now be optional. The bill was signed on Feb. 22.

Other Bills of Interest

Other bills of interest that passed during session include:

- House Bill 1221 and Senate Bill 117, which revised certain provisions of the partners in education tax credit program.
- House Bill 1093, which provides for the completion of certain insurance transactions and presentation of policies in a language other than English. The bill also states that the English language version of the insurance coverage will control the resolution of any dispute or complaint on the policy or advertising material.
- House Bill 1205, which requires certain health benefit plans to provide coverage to persons with a serious medical condition for certain dental care services.
- Senate Bill 141, which prevents pharmacy benefit managers from including contract provisions that prohibit pharmacies/ pharmacists from discussing drug prices with consumers.
- House Bill 1236, which provides for the acquisition of certain motor vehicle titles by vehicle auction agencies for vehicles involved in insurance claims.
- Senate Bill 62, which provides for notification to impacted South Dakotans and the Office of the Attorney General related to a data breach.

A recap of the actions of the South Dakota Legislature is available through the Legislative Research Council website at <http://sdlegislature.gov/>.