



# Division of Insurance

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& **REGULATION**

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## New Leaders Join DOI Management Team

Dan Nelson and Travis Jordan have joined the Division of Insurance management team as assistant directors, announced Director Larry Deiter.

Nelson started in November 2016 as the market conduct manager. He will now oversee the areas of Property and Casualty, Agent Licensing and Market Conduct. Prior to state government, Nelson was employed by a workers' compensation insurance carrier for 31 years.

Jordan's career began as a banker and financial advisor before moving into the public service sector in August 2016. In his new role effective June 9, he will oversee Compliance, Investigations and Investment Registration.

"The extensive industry experience Dan and Travis bring to the division will be a great asset to our decision making process and overall operations," said Director Deiter. "We're thrilled to have them on the team."



Other new employees welcomed to the division include:

- Teresa Boe, Life/Health Rate Schedule Form Analyst
- Tiffany Carr, Life/Health Complaint Analyst
- Clayton Grueb, Staff Attorney
- Letisha Pederson, Compliance Agent

## Continuing Education Provider/Instructor Process Updated

The Division of Insurance is modernizing the continuing education (CE) process for CE providers and instructors.

This will change the way CE providers and instructors will conduct business with the Division. Providers and instructors will be able to complete the process requirements electronically through Vertafore/Sircon. The Division and Vertafore will host a webinar to introduce the process changes, preview the electronic capabilities and answer questions. Registration information for the webinar will be available at the beginning of August.

### **The process changes include:**

**Course renewals:** CE Providers are required to renew their approval for all active courses every two years. See ARSD 20:06:18:05. Course renewal through Vertafore's Compliance Express will be available on September 1, 2017. All active courses that are two years or older as of October 2017 must complete their first renewal at this time. A state fee of \$10 per course renewal will apply. See ARSD 20:06:18:05.03. Renewal transactions are subject to a Vertafore processing fee of \$3.

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## Continuing Education Updated, Continued

CE providers can click here to register for a free online subscription to Vertafore's Compliance Express. Subscribers will be asked to provide their Federal Employer Identification Number (EIN) when registering.

**Instructors:** Applications for approval to teach course categories, not just specific courses, will be submitted electronically through Vertafore/Sircon. All current instructors must submit a new application to update their information and clarify what course categories they should be considered eligible to teach. The electronic application will be available on Sept. 1, 2017. Instructor applications are not subject to a state fee but a Vertafore processing fee of \$10 will apply.

Additional information on this process update and the current CE provider manual can be accessed in the Producer section of the Division's website.

## 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 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 March 31, 2017. 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>.

[View the Division Bulletin 17-01](#) about the extension of transitional policies.

## Executive Reorganization Order Effective April 13, 2017

Executive Reorganization Order 2017-02 issued by Gov. Dennis Daugaard on Jan. 13, 2017, transferred the functions of the Division of Securities to the Division of Insurance. This reorganization was effective on April 13, 2017.

The functions of securities regulation and oversight in South Dakota as established in chapters 37-5B, 37-25A and 47-31B are now the responsibility of Division of Insurance.

The executive order can be viewed in its entirety in the General Information section of the Services to Individuals area of the Secretary of State's [website](#).

## 2017 Legislative Session Recap

The 2017 legislative session officially ended March 27. Over 400 bills, commemorations and resolutions were introduced during the 38-day session.

Three bills were introduced by the Department of Labor and Regulation, Division of Insurance, with two successfully completing the legislative process. The following list is the recap of the division bills, as well as other industry-related bills passed during the 2017 legislative session. Unless otherwise noted in the bill, all legislation has an effective date of July 1, 2017.

### Division of Insurance Bills:

**Senate Bill 51**, a clean-up bill for the Division, updates cross-references in existing statute. This bill completed passage through the legislative process and was signed by Gov. Dugaard on March 6.

Updates to current statutes to provide additional reinsurance opportunities for domestic insurance companies were completed with the passage of **House Bill 1045**. The bill added the “certification” method to the list of allowable methods by which a domestic company can receive credit for reinsurance. The changes align South Dakota’s reinsurance standards to the NAIC model and are required for the division to maintain its accreditation through the NAIC. This bill was also signed by the Governor on March 6.

**Senate Bill 50**, authorizing the division to pursue a state health insurance innovation waiver, was tabled in Senate State Affairs committee on Feb. 15.

Other bills considered during session that may be of interest include:

- **House Bill 1060**, An Act to provide requirements and standards for insurers’ own risk and solvency assessments (ORSA) (signed by Governor on March 6);
- **House Bill 1061**, An Act to revise certain provisions regarding consent for correspondence through electronic mail by enrolled customers of portable electronics (signed by Governor on March 2);
- **House Bill 1077**, An Act to provide for the assignment of certain benefits in dental care insurance coverage (signed by Governor on March 9); and
- **House Bill 1195**, An Act to revise certain provisions regarding health coverage for applied behavior analysis (signed by Governor on March 9);

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

### Workers’ Compensation Informal Hearing Held March 29

Pursuant to SDCL 58-24-67, a workers’ compensation informal hearing was held March 29. 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 -1.0 percent to the current voluntary advisory loss cost level and an overall average decrease of -0.9 percent to the current assigned risk rate level. The information on the proposed July 1, 2017, Loss Cost/Assigned Risk Filing was presented by Robert Moss and Carla Townsend of NCCI.

This filing was approved by the Division as presented on April 19, 2017.

## Life Policy Locator

The South Dakota Division of Insurance, in conjunction with the National Association of Insurance Commissioners (NAIC), is pleased to announce the availability of a national service to provide consumer assistance in finding a deceased person's lost life insurance policies and annuities.

"There are many people who don't know where to begin when searching for a lost life insurance policy or annuity," said Larry Deiter, Director. "The Life Insurance Policy Locator Service streamlines and simplifies the process for consumers and insurance companies."

In addition to providing their own contact information, the requestor will be asked to provide personal details of the deceased such as full name (maiden name for a married individual), Social Security number and the state where the policy was purchased.

Consumer requests are encrypted and secured to maintain confidentiality. Participating insurers will compare submitted requests with available policyholder information and report all matches to state insurance divisions through the locator. Companies will then contact beneficiaries or their authorized representatives.

[Access the Life Insurance Policy Locator Service.](#)

## Recent Administrative Rule Changes/ Updates & Bulletins

### Administrative Rule Changes – Effective July 7, 2017

#### **Chapters 20:06:12, 20:06:19, 20:06:25, 20:06:26, 20:06:36**

The effect of this rule change is to update the sources referenced in rule. The reason for adopting this rule is to ensure all parties are referring to the updated references.

#### **Chapters 20:06:13**

The effect of this rule change is to incorporate the 2017 Medicare coverage amounts. The reason for adopting this rule is to ensure that enrollees are given correct plan information.

#### **Chapters 20:06:18**

The effect of this rule change is to require continuing education courses to renew their approval with the Division every two years. The reason for adopting this rule is to ensure that the continuing education courses are still relevant in the insurance industry and that insurance producers are getting proper and meaningful education.

The rules text is available in the "Administrative Rules" section of the Division's website at <http://dlr.sd.gov/insurance/laws.aspx>.

### Division Bulletins issued in 2017:

[17-01](#) Extension of Transition Policies

[17-02](#) 2018 Product Filing Deadlines