

2021 South Dakota Legislature

Senate Bill 87**AMENDMENT 87A FOR THE INTRODUCED BILL**

1 **An Act to exempt health benefit plans sponsored by nonprofit agricultural**
2 **organizations from insurance regulation.**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 **Section 1.** That a NEW SECTION be added:

5 **58-1-3.4. Health benefit plan--Agricultural organization--Exemption.**

6 A health benefit plan is not insurance and is not subject to this title, if:

7 (1) The plan provides health benefits under a self-funded arrangement, administered
8 by an entity licensed as a third-party administrator in accordance with chapter 58-
9 29D; and

10 (2) The plan is sponsored by a nonprofit agricultural organization that:

11 (a) Is domiciled in this state;

12 (b) Was created primarily to promote programs for the development of rural
13 communities and the economic stability and sustainability of farmers in this
14 state, as shown by its articles of incorporation;

15 (c) Has been in existence for at least twenty-five continuous years, prior to the
16 issuance of health benefits to members of the organization;

17 (d) Provides membership opportunities for eligible persons in each county;

18 (e) Collects annual dues from the members;

19 (f) Holds regular meetings to further the purposes of the members;

20 (g) Provides the members with representation on the governing board and
21 committees; and

22 (h) Contracts with the third-party administrator, referenced in this section, for
23 administration of the health benefit plan.

24 A health benefit plan described in this section may be sold or solicited only by an
25 insurance producer who is both appointed by an organization meeting the requirements

1 of this section and licensed as an insurance provider to sell or solicit health insurance in
2 accordance with chapter 58-30.

3 Before providing health benefits under a self-funded plan, as authorized by this
4 section, an organization shall file a certification with the Division of Insurance, at the time
5 and in the manner directed by the division, verifying that the organization meets the
6 requirements of this section.

7 The risk assumed by a health benefit plan under such healthcare benefit coverage
8 must be reinsured by a company authorized to do business in this state. The company
9 providing reinsurance coverage to the plan shall annually file, at the time and in the
10 manner directed by the division, any risk distribution arrangements entered into between
11 the plan and the reinsurance carrier and a signed, certified actuarial statement of plan
12 reserves and the existence of reinsurance coverage.

13 Any health benefit plan application for coverage and any contract provided to a
14 member must prominently state that the health benefit plan is not insurance, that the
15 plan is not provided by an insurance company, that the plan is not subject to the laws and
16 rules governing insurance, and that the plan is not subject to the jurisdiction of the
17 division.