



2021 South Dakota Legislature
Senate Bill 87
ENROLLED

AN ACT

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

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

Section 1. That a NEW SECTION be added:

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

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

- (1) The plan provides health benefits under a self-funded arrangement, administered by an entity licensed as a third-party administrator in accordance with chapter 58-29D; and
- (2) The plan is sponsored by a nonprofit agricultural organization that:
 - (a) Is domiciled in this state;
 - (b) Was created primarily to promote programs for the development of rural communities and the economic stability and sustainability of farmers in this state, as shown by its articles of incorporation;
 - (c) Has been in existence for at least twenty-five continuous years, prior to the issuance of health benefits to members of the organization;
 - (d) Provides membership opportunities for eligible persons in each county;
 - (e) Collects annual dues from the members;
 - (f) Holds regular meetings to further the purposes of the members;
 - (g) Provides the members with representation on the governing board and committees; and
 - (h) Contracts with the third-party administrator, referenced in this section, for administration of the health benefit plan.

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

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

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

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

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

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

I certify that the attached Act originated in
the:
Senate as Bill No. 87

Received at this Executive Office
this ____ day of _____,
2021 at _____ M.

Secretary of the Senate

By _____
for the Governor

President of the Senate

The attached Act is hereby
approved this _____ day of
_____, A.D., 2021

Attest:

Secretary of the Senate

Governor

STATE OF SOUTH DAKOTA,

ss.

Office of the Secretary of State

Speaker of the House

Attest:

Filed _____, 2021
at _____ o'clock __ M.

Chief Clerk

Secretary of State

Senate Bill No. 87
File No. _____
Chapter No. _____

By _____
Asst. Secretary of State