



2020 South Dakota Legislature

Senate Bill 11

Introduced by: The Committee on Commerce and Energy at the request of the Department of Labor and Regulation

1 **An Act to revise certain provisions regarding third party insurance plan**
 2 **administrators.**

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

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

5 **58-29D-22.1. Annual financial statement--Contents of application--Required**
 6 **audit.**

7 Any annual financial statement or report required under § 58-29D-22 must be
 8 audited. The applicant is presumed to be solvent if the applicant has a positive net worth.

9 If the applicant has been in existence for less than two fiscal years, the applicant
 10 shall include in the application all financial statements or reports, certified by an officer of
 11 the applicant and prepared in accordance with generally accepted accounting principles,
 12 for any completed fiscal year and for any month during the current fiscal year for which
 13 the financial statements or reports have been completed. If information provided pursuant
 14 to this section is prepared on a consolidated or combined basis, the applicant shall include
 15 a columnar consolidating or combining worksheet with the report or renewal and shall
 16 include in the worksheet the following:

- 17 (1) Amounts shown on the consolidated audited financial report or renewal;
 18 (2) Amounts for each entity stated separately; and
 19 (3) Explanations of consolidating and eliminating entries.

20 **Section 2.** That § 58-29D-27 be AMENDED:

21 **58-29D-27. Servicer of certain employee benefit plans--Exempt from**
 22 **licensure--Requirements.**

23 A person is not required to hold a license as an administrator in this state if the
 24 person exclusively provides services to one or more bona fide employee benefit plans,
 25 each of which is established by an employer or an employee organization, or both, and

1 for which the insurance laws of this state are preempted pursuant to the Employee
2 Retirement Income Security Act of 1974. ~~Such persons~~ Any person not required to hold a
3 license shall register with the director annually, verifying ~~their status as herein described~~
4 the person's status if the person directly or indirectly underwrites, collects charges or
5 premiums from, or adjusts or settles claims of residents of this state in connection with a
6 self-funded plan other than a governmental or church plan offering life, annuity, or health
7 coverage.