



2020 South Dakota Legislature

Senate Bill 119

Introduced by: **Senator Schoenbeck**

1 **An Act to revise certain provisions regarding private placement insurance.**

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

3 **Section 1.** That § 58-15-26 be AMENDED:

4 **58-15-26. Payment of claims for benefits--Private placement policies.**

5 There shall be a provision that when a policy becomes a claim by the death of the
 6 insured, settlement shall be made upon receipt of due proof of death and, at the insurer's
 7 option, surrender of the policy or proof of the interest of the claimant, or both. If an insurer
 8 shall specify a particular period prior to the expiration of which settlement shall be made,
 9 such period may not exceed two months from the receipt of such proof. For any private
 10 placement policy, settlement may be made in cash or, if allowed under the policy, by
 11 distributing assets of the separate account to the claimant with the consent of the
 12 policyholder or the policyholder's designee, as long as the fair market value of the assets
 13 are independently verified at the time of disbursement by the insurer. In any private
 14 placement policy, the obligation of the insurer to settle that portion of the policy
 15 attributable to separate account assets is subject to the liquidity of such assets, and the
 16 insurer shall settle such portion of the policy as and when such assets can be, by their
 17 respective terms, either converted to cash, which may be later than two months after the
 18 insurer's receipt of due proof of death, or otherwise dispersible by the insurer.