

AN ACT

ENTITLED, An Act to revise certain residency requirements regarding the issuance and renewal of insurance.

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

Section 1. That § 58-17-85 be amended to read as follows:

58-17-85. If a person has an aggregate of at least twelve months of creditable coverage and is a resident of this state, the carrier shall accept such person for coverage under a health benefit plan, which contains benefits which are equal to or exceed the benefits contained in the basic plan that was approved and adopted by rule by the director pursuant to chapter 1-26 and the maximum lifetime maximum benefit of the coverage is not less than one million dollars if the person applies within sixty-three days of the date of losing prior creditable coverage. In addition to the plan which equals or exceeds the basic coverage, the carrier shall also offer to the eligible person, the individual standard plan as approved and adopted by rule by the director or a plan with benefits that exceed the standard plan. No carrier is required to issue further individual health benefit coverage under §§ 58-17-68 to 58-17-87, inclusive, if the individual health benefit plans issued to high-risk individuals constitute two percent or more of that carrier's earned premium on an annual basis from individual health benefit plans covered by §§ 58-17-66 to 58-17-87, inclusive. Each carrier who meets the two percent earned premium threshold shall report within thirty days to the director in a format prescribed by the director. If the director determines that all carriers in the individual market have met the two percent threshold, the threshold shall, upon order of the director, be expanded an additional two percent. The threshold shall be expanded in additional two percent increments if all carriers in the individual market meet the previous threshold. The director may promulgate rules pursuant to chapter 1-26 to determine which individual policies may be used to determine the two percent threshold, the procedures involved, and the applicable time frames. In making that determination, the director shall develop a method

designed to limit the number of high-risk individuals to whom any one carrier may be required to issue coverage. No carrier is required to provide coverage pursuant to this section if:

- (1) The applicant is eligible for continuation of coverage under an employer plan;
- (2) The applicant's creditable coverage is a conversion plan from an employer group plan;
- (3) The person is covered or eligible to be covered under creditable coverage or lost creditable coverage due to nonpayment of premiums; or
- (4) The person loses coverage under a short term or limited duration plan.

Any person who has exhausted continuation rights and who is eligible for conversion or other individual or association coverage has the option of obtaining coverage pursuant to this section or the conversion plan or other coverage. A person who is otherwise eligible for the issuance of coverage pursuant to this section may not be required to show proof that coverage was denied by another carrier.

For purposes of this section, a carrier may require reasonable evidence that the prospective insured is a resident of this state. Factors that the carrier may consider include a driver's license, voter registration, and where the prospective insured resides.

Section 2. That § 58-11-55 be amended to read as follows:

58-11-55. Except as provided in §§ 58-11-55.1 and 58-11-55.2, no insurer may refuse to issue or to renew a policy or certificate solely because of the age, residence, race, color, creed, national origin, ancestry, occupation, or marital status of the applicant or the insured. Violation of this section is a Class 2 misdemeanor. Nothing in this section requires an insurer to issue or renew a policy or certificate to a person who is not a resident of this state.

An Act to revise certain residency requirements regarding the issuance and renewal of insurance.

=====
I certify that the attached Act
originated in the
HOUSE as Bill No. 1027

Chief Clerk

=====

Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1027
File No. _____
Chapter No. _____

=====
Received at this Executive Office
this ____ day of _____,
20__ at _____ M.

By _____
for the Governor

=====

The attached Act is hereby
approved this _____ day of
_____, A.D., 20__

Governor

=====

STATE OF SOUTH DAKOTA,
SS.
Office of the Secretary of State

Filed _____, 20__
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State