**20:06:21:33.  Standards for marketing -- Associations.** If an association, as defined in SDCL 58-17B-2(4)(c), endorses or sells long-term care insurance, the primary responsibility of the association regarding the obligations set forth in this section is to educate its members concerning long-term care issues in general so that its members can make informed decisions. Associations shall provide objective information regarding long-term care insurance policies or certificates endorsed or sold by it to ensure that members of the association receive a balanced and complete explanation of the features in the policies or certificates that are being endorsed or sold. The obligations are as follows:

(1)  The insurer shall file with the division the following material:

(a)  The policy and certificate;

(b)  A corresponding outline of coverage; and

(c)  All advertisements requested by the insurance division.

(2)  The association shall disclose the following in any long-term care insurance solicitation:

(a)  The specific nature and amount of the compensation arrangements, including all fees, commissions, administrative fees, and other forms of financial support, that the association receives from endorsement or sale of the policy or certificate to its members; and

(b)  A brief description of the process under which such policies and the insurer issuing such policies were selected;

(3)  If the association and the insurer have interlocking directorates or trustee arrangements, the association shall disclose that fact to its members;

(4)  The board of directors of an association selling or endorsing long-term care insurance policies or certificates shall review and approve the insurance policies as well as the compensation arrangements made with the insurer;

(5)  At the time of the association's decision to endorse, the association shall engage the services of a person with expertise in long-term care insurance who is not affiliated with the insurer to conduct an examination of the policies, including benefits, features, and rates, and shall update the examination thereafter if material change occurs;

(6)  The association shall actively monitor the marketing efforts of the insurer and its agents;

(7)  The association shall review and approve all marketing materials or other insurance communications used to promote sales or sent to members regarding the policies or certificates.

A group long-term care insurance policy or certificate may not be issued to an association unless the insurer files with the division the information required in this section. The insurer may not issue a long-term care policy or certificate to an association or continue to market such a policy or certificate unless the insurer certifies annually that the association has complied with the requirements in this section.

Failure to comply with the filing and certification requirements of this section constitutes an unfair trade practice within the meaning of SDCL 58-33-38.

**Source:** 22 SDR 97, effective December 18, 1995.

**General Authority:** SDCL 58-17B-4.

**Law Implemented:** SDCL 58-17B-2(4)(c).