**20:06:21:53.03.  Suitability -- Response letter.** If the issuer determines that the applicant does not meet its financial suitability standards, or if the applicant has declined to provide the information, the issuer may reject the application. In the alternative, the issuer shall send the applicant a response letter similar to Appendix G. However, if the applicant has declined to provide financial information, the issuer may use some other method to verify the applicant's intent. Either the applicant's returned letter or a record of the alternative method of verification shall be made part of the applicant's file. The return of the response letter by an applicant indicating a desire to purchase the coverage, does not constitute a defense for any producer for any violation of the insurance laws and rules of this state.

The commission or compensation, for the sale of a long-term care policy or certificate on which the issuer has determined that the applicant does not meet its financial suitability standards, shall be no greater than the renewal compensation.

The issuer shall report annually by June 30 to the director the total number of applicants received from residents of this state, the number of those who declined to provide information on the personal worksheet, the number of applicants who did not meet the suitability standards, and the number of those who chose to confirm after receiving a suitability letter.

**Source:** 28 SDR 157, effective May 19, 2002; 31 SDR 67, effective November 14, 2004.

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

**Law Implemented:** SDCL 58-17B-4.