**20:06:53:71.  Avoiding conflicts of interest.** The plan or issuer must ensure that all claims and appeals are adjudicated in a manner designed to ensure the independence and impartiality of the persons involved in making the decision. Therefore, any decision regarding hiring, compensation, termination, promotion, or any other similar matter with respect to any individual may not be made based upon the likelihood that the individual will support a denial of benefits. A plan or issuer may not provide bonuses based on the number of denials made by a claims adjudicator. Similarly, a plan or issuer may not contract with a medical expert based on the expert's reputation for outcomes in contested cases, rather than based on the expert's professional qualifications.

**Source:** 37 SDR 63, effective September 23, 2010; 37 SDR 111, effective December 7, 2010.

**General Authority:** SDCL 58-17-87, 58-18-79.

**Law Implemented:** SDCL 58-17-87, 58-18-79.