

AN ACT

ENTITLED, An Act to revise certain provisions regarding health insurance on a franchise plan and to allow for discounts.

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

Section 1. That § 58-17-2.1 be amended to read as follows:

58-17-2.1. Health insurance on a franchise plan is hereby declared to be that form of health insurance issued to:

- (1) Three or more employees of any corporation, copartnership, or individual employer or any governmental corporation, agency, or department thereof; or
- (2) Ten or more members of any trade, occupational, or professional association, or of a labor union, or of any other association having had an active existence for at least two years where such association or union has a constitution or bylaws and is formed in good faith for purposes other than that of obtaining insurance;

where such persons, with or without their dependents, are issued the same form of an individual policy varying only as to amounts and kinds of coverage applied for by such persons, under an arrangement whereby the premiums on such policies may be paid to the insurer periodically by the employer, with or without payroll deductions, or by the association for its members, or by some designated person acting on behalf of such employer or association or by the insured directly to the insurer, if permitted by the insurer. The term, employees, as used in this section may be deemed to include the officers, managers, and employees and retired employees of the employer and the individual proprietor or partnership.

Section 2. That chapter 58-17 be amended by adding thereto a NEW SECTION to read as follows:

Health insurance may be marketed on a franchise basis to members or employees of an employer, labor union, or association. Except as provided for by § 58-18B-2, health insurance marketed on a

franchise basis may have the individual's premiums paid by the employer, labor union, or association. Marketing a policy on a franchise basis does not exempt any policy from any applicable requirement under this title except as provided in section 3 of this Act.

Section 3. That § 58-33-13 be amended to read as follows:

58-33-13. No person may make or permit any unfair discrimination between individuals of the same class and of essentially the same hazard in the amount of premium, policy fees, or rates charged for any policy or contract of health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever. Violation of this section is a Class 2 misdemeanor. Nothing in this section prohibits different rates charged, or benefits payable, or different underwriting procedures used for individuals insured under a franchise plan or provided discounts based upon administrative savings or incentives for additional family members to purchase insurance.

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I certify that the attached Act originated in the

HOUSE as Bill No. 1035

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1035
File No. _____
Chapter No. _____

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Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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

Governor

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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