

State of South Dakota

SEVENTY-FIFTH SESSION
LEGISLATIVE ASSEMBLY, 2000

400D0290

HOUSE COMMERCE COMMITTEE ENGROSSED NO. **HB1035** - 1/18/00

This bill has been extensively amended (hoghoused) and may no longer be consistent with the original intention of the sponsors.

Introduced by: The Committee on Commerce at the request of the Department of Commerce and Regulation

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

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

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

5 58-17-2.1. Health insurance on a franchise plan is hereby declared to be that form of health
6 insurance issued to:

7 (1) ~~Five~~ Three or more employees of any corporation, copartnership, or individual
8 employer or any governmental corporation, agency, or department thereof; or

9 (2) Ten or more members of any trade, occupational, or professional association, or of
10 a labor union, or of any other association having had an active existence for at least
11 two years where such association or union has a constitution or bylaws and is formed
12 in good faith for purposes other than that of obtaining insurance;

13 where such persons, with or without their dependents, are issued the same form of an individual
14 policy varying only as to amounts and kinds of coverage applied for by such persons, under an
15 arrangement whereby the premiums on such policies may be paid to the insurer periodically by

1 the employer, with or without payroll deductions, or by the association for its members, or by
2 some designated person acting on behalf of such employer or association or by the insured
3 directly to the insurer, if permitted by the insurer. The term, "employees", as used ~~herein~~ in this
4 section may be deemed to include the officers, managers, and employees and retired employees
5 of the employer and the individual proprietor or partnership.

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

8 Health insurance may be marketed on a franchise basis to members or employees of an
9 employer, labor union, or association. Except as provided for by § 58-18B-2, health insurance
10 marketed on a franchise basis may have the individual's premiums paid by the employer, labor
11 union, or association. Marketing a policy on a franchise basis does not exempt any policy from
12 any applicable requirement under this title except as provided in section 3 of this Act.

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

14 58-33-13. No person ~~shall~~ may make or permit any unfair discrimination between individuals
15 of the same class and of essentially the same hazard in the amount of premium, policy fees, or
16 rates charged for any policy or contract of health insurance or in the benefits payable thereunder,
17 or in any of the terms or conditions of such contract, or in any other manner whatever. Violation
18 of this section is a Class 2 misdemeanor. Nothing in this section prohibits different rates charged,
19 or benefits payable, or different underwriting procedures used for individuals insured under a
20 franchise plan or provided discounts based upon administrative savings or incentives for
21 additional family members to purchase insurance.

1 **BILL HISTORY**

2 1/11/00 First read in House and referred to committee assignment waived. H.J. 18

3 1/12/00 Referred to Commerce. H.J. 33

4 1/15/00 Scheduled for Committee hearing on this date.

5 1/16/00 Scheduled for Committee hearing on this date.

6 1/18/00 Scheduled for Committee hearing on this date.

7 1/18/00 Commerce Do Pass Amended, Passed, AYES 12, NAYS 0. H.J. 108