

AN ACT

ENTITLED, An Act to revise certain provisions relating to credit card coverages of group personal property.

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

Section 1. That § 58-19-1 be amended to read as follows:

58-19-1. The purpose of this chapter is to promote the public welfare by regulating credit life insurance, credit health insurance, credit unemployment insurance, and credit property including group personal property coverages authorized through credit cards. Nothing in this chapter is intended to prohibit or discourage reasonable competition. The provisions of this chapter shall be liberally construed.

Section 2. That § 58-19-2 be amended to read as follows:

58-19-2. Terms used in this chapter mean:

- (1) "Credit health insurance," insurance on a debtor to provide indemnity for payments becoming due on a specific loan, lease, or other credit transaction while the debtor is disabled as defined in the policy;
- (2) "Credit life insurance," insurance on the life of a debtor pursuant to or in connection with a specific loan, lease, or other credit transaction;
- (3) "Creditor," the lender of money or vendor or lessor of goods, services, or property, rights or privileges, for which payment is arranged through a credit transaction, or any successor to the right, title, or interest of any such lender, vendor, or lessor, and an affiliate, associate, or subsidiary of any of them or any director, officer, or employee of any of them or any other person in any way associated with any of them;
- (4) "Debtor," a borrower of money or a purchaser or lessee of goods, services, property, rights, or privileges for which payment is arranged through a credit transaction;

- (5) "Indebtedness," the total amount payable by a debtor to a creditor in connection with a loan, lease, or other credit transaction;
- (6) "Group property insurance authorized by credit card," forms of property insurance issued on a group basis covering:
 - (a) Loss of or damage to personal property, other than loss of use or loss resulting from a defect in materials or workmanship, where such personal property is purchased using a credit card;
 - (b) Loss of, damage to or loss of use of personal property resulting from a defect in materials or workmanship, where the personal property is purchased using a credit card and is under warranty;
 - (c) Loss of or damage to a lease or rented motor vehicle, that is intended to be rented or leased for a period of ninety consecutive days or less, where the lease or rental fee is paid using a credit card;
 - (d) Loss of, or damage to or loss of use of baggage and its contents while in transit, where the cost of travel or accommodations is paid using a credit card;
 - (e) Loss of damage to or loss of use of personal property occurring in connection with use of a leased or rented motor vehicle, which motor vehicle is intended to be rented or leased for a period of ninety consecutive days or less, where the lease or rental fee is paid using a credit card;
 - (f) Loss incurred in connection with the unauthorized use of a credit card; or
 - (g) Such other forms of property insurance that are authorized by the director of the Division of Insurance by rule promulgated pursuant to chapter 1-26 and determined to be appropriate for issuance on a group basis.

Section 3. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as

follows:

Any group property insurance authorized by credit card is subject to the provisions of this chapter to the extent such provisions are not inconsistent with the specific provisions of §§ 58-19-48 to 58-19-50, inclusive.

Section 4. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as follows:

Group property insurance authorized by credit card shall be sold separately and shall be separately priced from any other insurance offered or sold at the same time unless it is included as part of an insurance offering provided to the debtor through the use of a credit card purchase of goods or services. Group property insurance authorized by credit card may not be required as a condition for the issuance or renewal of a credit card.

Section 5. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as follows:

All group property insurance authorized by credit card insurance policies, certificates of insurance, notices of proposed insurance, applications for insurance, endorsements and riders delivered or issued for delivery in this state and the schedules of premium rates pertaining thereto shall be filed with the director.

Section 6. That chapter 58-19 be amended by adding thereto a NEW SECTION to read as follows:

Within thirty days after the filing of any group property insurance authorized by credit card insurance policy, certificate of insurance, notice of proposed insurance, application for insurance, endorsement or rider, the director shall disapprove any such form if the premium rates charged or to be charged are excessive in relation to benefits, or if such form contains provisions which are unjust, unfair, inequitable, misleading, deceptive, or encourage misrepresentation of the insurance, or are

contrary to any provision of this title. If such filing is not disapproved by the director within this thirty-day period, it shall be deemed approved.

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I certify that the attached Act
originated in the
HOUSE as Bill No. 1094

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. 1094
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