

State of South Dakota

SEVENTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2003

607I0654

SENATE COMMERCE COMMITTEE ENGROSSED NO.

SB 168 - 02/13/2003

Introduced by: Senators Dempster and Sutton (Dan) and Representatives Williamson, Engels,
and Nesselhuf

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding variable life insurance
2 policies.

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

4 Section 1. That § 58-28-30 be amended to read as follows:

5 58-28-30. Except for §§ 58-15-13, 58-15-14, 58-15-15, 58-15-17, 58-15-18, 58-15-19,
6 58-15-21, 58-15-22, 58-15-29, 58-15-31, 58-15-32, 58-15-33, 58-15-34, 58-15-35, 58-15-36,
7 58-15-38, 58-15-39, and 58-27-108, as in the case of a variable life insurance policy,
8 §§ 58-15-57, 58-15-62, 58-15-64, 58-15-65, 58-15-66, 58-15-72 to 58-15-81, inclusive, and
9 58-27-108, as in the case of a variable annuity contract and except as is otherwise provided in
10 this chapter, all pertinent provisions of the insurance code ~~shall~~ apply to separate accounts and
11 contracts relating thereto.

12 Section 2. That chapter 58-28 be amended by adding thereto a NEW SECTION to read as
13 follows:

14 Except if variable death benefits are used to pay premiums, the payment of variable death
15 benefits in excess of any minimum death benefits, cash values, policy loans, or partial



1 withdrawals, or the payment of variable death benefits in excess of any partial surrenders, may
2 be deferred either:

- 3 (1) For up to six months from the date of the request, if the payments are based on policy
4 values that do not depend on the investment performance of the separate account; or
- 5 (2) For any period during which the New York stock exchange is closed for trading,
6 except for normal holiday closing, or for any period during which the securities and
7 exchange commission determines that a state of emergency exists which may make
8 such payment impractical.

9 Section 3. That chapter 58-28 be amended by adding thereto a NEW SECTION to read as
10 follows:

11 The director may promulgate rules pursuant to chapter 1-26 relating to variable life insurance
12 policies. In promulgating the rules, the director shall give substantial consideration to the
13 standards contained in the National Association of Insurance Commissioners (NAIC) Variable
14 Life Insurance Model Regulation and otherwise design the rules to achieve uniformity, to the
15 degree reasonably possible, in the standards for variable life insurance. The rules shall be limited
16 to the following:

- 17 (1) Standards for suitability of sales and sales materials;
- 18 (2) Policy benefit and design requirements;
- 19 (3) Establishment and administration of separate accounts;
- 20 (4) Disclosure requirements; and
- 21 (5) Definition of terms.