

State of South Dakota

EIGHTIETH LEGISLATIVE ASSEMBLY, 2005

400L0245

SENATE BILL NO. 50

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

1 FOR AN ACT ENTITLED, An Act to remove certain references regarding conversion from the
2 requirements for continuation of group health coverage.

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

4 Section 1. That § 58-18-7 be amended to read as follows:

5 58-18-7. Any group health policy which contains provisions for the payment by the insurer
6 of benefits for expenses incurred on account of hospital, nursing, medical, or surgical services
7 shall provide for the continuation ~~or conversion~~ of benefit provisions, or any part or parts
8 thereof, without evidence of insurability. ~~Sections~~ The provisions of §§ 58-18-7.4 to 58-18-7.15,
9 inclusive, apply to employers that have fewer than twenty employees employed.

10 Section 2. That § 58-18C-3 be amended to read as follows:

11 58-18C-3. Continuation ~~and conversion shall only be~~ is only available to an employee who
12 has been continuously insured under the group policy and for similar benefits under any group
13 policy which it replaced during the entire six-month period ending with such termination.

14 Section 3. That § 58-18C-5 be amended to read as follows:

15 58-18C-5. Any employee may exercise the right to continuation ~~or conversion~~ within thirty



1 days of receipt of due notice of termination of coverage of the group and upon payment of
2 premiums from the date of termination.

3 Section 4. That § 58-18C-7 be amended to read as follows:

4 58-18C-7. No insurer may be required to offer or renew a continuation ~~or conversion~~ policy
5 covering any person if:

6 (1) The person is covered for similar benefits by another individual or group policy;

7 (2) Similar benefits are provided for or available to such person, by reason of any state
8 or federal law;

9 (3) The benefits under sources of the kind referred to in subdivision (1) for such person
10 or benefits provided or available under sources of the kind referred to in subdivision

11 (2) for such person, together with the continued ~~or converted~~ policy's benefits, would
12 result in overinsurance according to the insurer's standards for overinsurance;

13 (4) There has been fraud or material misrepresentation in applying for any benefits under
14 continued or converted policy;

15 (5) The person failed to pay any required contribution; or

16 (6) Cancellation of all similar insurance policies in the entire state.

17 Section 5. That § 58-18C-8 be amended to read as follows:

18 58-18C-8. ~~The premium for the conversion policy shall be determined in accordance with~~
19 ~~the insurer's table of premium rates applicable to the age and class of risk for each person to be~~

20 ~~covered under that policy and to the type and amount of insurance provided.~~ The premium for
21 a continuation policy may not be greater than one hundred twenty-five percent of the group rate
22 under which a person is covered.

23 Section 6. That § 58-18C-9 be amended to read as follows:

24 58-18C-9. A notification of the continuation ~~and conversion~~ rights shall be included in each

1 certificate of coverage.

2 Section 7. That § 58-18C-2 be repealed.

3 ~~—58-18C-2. Every policy stated in § 58-18C-1 shall also provide an employee with the right,~~
4 ~~upon the employer ceasing operations and the termination of the policy or contract, to an~~
5 ~~individual conversion policy or contract without additional underwriting restrictions. The~~
6 ~~conversion policy shall consist of a plan of individual coverage that closely approximates the~~
7 ~~coverage provided under the group, and shall be renewable at the option of the insured.~~

8 Section 8. That § 58-18C-6 be repealed.

9 ~~—58-18C-6. The conversion policy shall cover the employee who was covered by the group~~
10 ~~policy on the date of termination of insurance. At the option of the insurer, a separate conversion~~
11 ~~policy may be issued to cover any dependent.~~

12 Section 9. That § 58-18C-10 be repealed.

13 ~~—58-18C-10. The insurer may elect to provide group insurance coverage in lieu of the~~
14 ~~issuance of a converted individual policy.~~