

AN ACT

ENTITLED, An Act to revise certain provisions regarding the payment of burial expenses by life insurers and fraternal benefit societies.

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

Section 1. That § 58-37A-17 be amended to read as follows:

58-37A-17. The owner of a benefit contract may change the beneficiaries in accordance with the laws or rules of the society unless the owner waives this right by specifically requesting in writing that the beneficiary designation be irrevocable. A society may, through its laws or rules, limit the scope of beneficiary designations and shall provide that no revocable beneficiary may obtain any vested interest in the proceeds of any certificate until the certificate has become due and payable in conformity with the provisions of the benefit contract.

A society may provide for the payment of funeral benefits to the extent of the portion of any payment under a certificate as might reasonably appear to be due to any person equitably entitled to it by reason of having incurred expense occasioned by the burial of the member. However, the portion so paid may not exceed the sum of ten thousand dollars.

If, at the death of any person insured under a benefit contract, there is no lawful beneficiary to whom the proceeds are payable, the amount of the benefit, except to the extent that funeral benefits may be paid as provided in this chapter, is payable to the estate of the deceased insured the same as other property not exempt. However, if the owner of the certificate is other than the insured, the proceeds are payable to the owner.

Section 2. That § 58-33-23 be amended to read as follows:

58-33-23. All life insurance benefits shall be paid in cash to the beneficiary. No insurer engaged in the business of life insurance shall contract to pay or pay such insurance benefits to any funeral director, undertaker, or undertaking business. Violation of this section is a Class 2 misdemeanor.

This section does not prohibit an insurer from paying life insurance benefits to a funeral director, undertaker, or undertaking business, whether or not an assignment of the policy has been made pursuant to § 58-11-36, if the insurer makes the payment pursuant to an assignment made by the beneficiary of the insurance benefits to a person or entity which performed burial or funeral services for the insured or contracted after the death of the insured to perform burial or funeral services for the insured. If the cost of the burial or funeral services performed is less than the benefit amount to be paid under the life insurance policy, the insurer shall pay the excess to the named beneficiary in accordance with the terms of the contract.

This section does not prohibit a fraternal benefit society from paying the proceeds of a life insurance policy in accordance with the provisions of § 58-37A-17. An insurer that is not a fraternal benefit society may pay the proceeds of a life insurance policy in the same manner and subject to the same restrictions as provided for by § 58-37A-17.

An Act to revise certain provisions regarding the payment of burial expenses by life insurers and fraternal benefit societies.

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I certify that the attached Act  
originated in the  
  
SENATE as Bill No. 52

\_\_\_\_\_  
Secretary of the Senate  
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\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

Senate Bill No. 52  
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