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Bulletin 07-05

TO: All Life and Health Insurance Companies in South Dakota

FROM: Merle Scheiber, Director

DATE: October 11, 2007

RE: Electronic Annuity Transactions

The Division is issuing this Bulletin to provide guidance to companies that wish to process new annuity business electronically. Conducting business electronically can provide benefits for consumers and the annuity industry by simplifying the process of selling annuities, reducing transaction costs and the time needed to process applications. The NAVA Straight-Through Processing (STP) Standards are a comprehensive set of standards establishing an industry accepted process for electronically transacting new business submissions for annuities.

Electronic Signatures and Records

SDCL 53-12-1 et. seq. expressly allows regulated entities to conduct business with consenting consumers electronically and provides for the legal recognition of electronic signatures, electronic records, and record retention related to electronic transactions.

Record Retention

Electronic recordkeeping is generally subject to the same timelines and other standards as recordkeeping in other media. The Division finds that a regulated entity is in compliance with the South Dakota's recordkeeping requirements if it can reassemble the original information upon request.

Delivery Requirements

For purposes of delivery and other communications required or permitted by South Dakota insurance law, delivery and communication by electronic or other verifiable means shall not be precluded where agreed to by the parties involved. If a law or regulation requires a record, notice or document to be attached to or enclosed with other records, documents, or notices, the law or regulation can be satisfied in the electronic environment so long as it is clear that the attached or enclosed record, document, or notice is logically associated with or linked to the same electronic record as the principal record, document, or notice.

Records of disclosures and communications between a consumer and an insurance company, required to be maintained by SDCL 58-29C-62 may be delivered, acknowledged and maintained in paper, photographic, micro-process, magnetic, mechanical or electronic media or by any process that accurately reproduces the actual document.



Division of Insurance

NAVA Straight-Through Processing (STP) Standards

This state finds that the NAVA STP Standards and processes comply with the electronic signature, record retention and delivery requirements discussed above as well as the annuity disclosures required by SDCL 58-29C-62, and the requirements regarding replacement of life insurance and annuities found in Administrative Rule 20:06:08.

Should you have any questions, please contact:

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