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Bulletin 11-3

TO: Property Casualty Insurers & Agents
FROM: Merle Scheiber, Director
DATE: March 24, 2011
RE: Automobile Insurance Discounts for Drivers age 55 and over

HB1034 passed the 2011 legislature and was signed into law. The bill repeals SDCL 58-11-58 to 58-11-61, inclusive effective July 1, 2011. This bill repeals the requirement that insurers provide discounts to certain insureds age 55 and over who have completed accident prevention courses. However, under current law, SDCL 58-11-61 requires insurers to provide the discount for a period of three years. It is the Division's position that insurer's providing this discount to qualified insureds prior to July 1, 2011, must provide the discount for the full three years.

Also since those discounts as provided by the current law are a component of insurers' rating rules, it will be necessary to amend the rating rules in order to discontinue providing the discount to qualified insureds. To the extent that the discounts were included in a policy or endorsement, any amendments to those forms would likewise need to be filed and approved. Any discounts provided after July 1, 2011, due to an insurer continuing to provide the discount pursuant to its rating rules must be provided for the full three years. Discounts may be discontinued or amended by filings prospectively only.