**20:06:10:06.  Exceptions, reductions, and limitations.** The exceptions, reductions, and limitations permitted are:

(1)  When an advertisement or solicitation refers to either a dollar amount, or a period of time for which any benefit is payable, or the cost of the policy, or specific policy benefit, or the loss for which such benefit is payable, it shall also disclose those exceptions, reductions, and limitations affecting the basic provisions of the policy;

(2)  If a policy contains a waiting, elimination, probationary, or similar time period between the effective date of the policy and the effective date of coverage under the policy or a time period between the date a loss occurs and the date benefits begin to accrue for such loss, an advertisement or solicitation which is subject to the requirements of § 20:06:10:06 shall disclose the existence of such periods;

(3)  An advertisement or solicitation may not use the words "only", "just", "merely", "minimum" or similar words or phrases to describe the applicability of any exceptions and reductions, such as: "This policy is subject to the following minimum exceptions and reductions";

(4)  A solicitation may not contain descriptions of a policy limitation, exception, or reduction worded in a positive manner to imply that it is a benefit, such as describing a waiting period as a "benefit builder" or stating "even preexisting conditions are covered after two years." Words and phrases used in a solicitation to describe such policy limitations, exceptions, and reductions must fairly and accurately describe the negative features of such limitations, exceptions, and reductions of the policy offered.

**Source:** 4 SDR 6, effective August 9, 1977; 12 SDR 151, 12 SDR 155, effective July 1, 1986; 27 SDR 54, effective December 4, 2000; 38 SDR 116, effective January 10, 2012

**General Authority:** SDCL 58-33A-7.

**Law Implemented:** SDCL 58-33-5, 58-33-6, 58-33-7, 58-33A-8, 58-33A-10.