**20:06:13:21.01.  Refund or credit calculation.** An issuer shall collect and file with the director by May 31 of each year the data required on the forms in Appendix A at the end of this chapter for each type in a standard Medicare supplement benefit plan.

If, on the basis of the experience as reported, the benchmark ratio since inception (ratio 1) exceeds the adjusted experience ratio since inception (ratio 3), a refund or credit calculation is required. The refund or credit calculation shall be done on a statewide basis for each type in a standard Medicare supplement benefit plan. For purposes of the refund or credit calculation, experience on policies issued with the reporting year shall be excluded.

For purposes of this section, for policies or certificates issued before July 17, 1992, the issuer shall make the refund or credit calculation separately for all individual policies combined, including all group policies subject to an individual loss ratio standard when issued, and all other group policies combined for experience after the effective date of this amendment. The first such report affected by this paragraph is due May 31, 1998.

The issuer may refund or credit only when the benchmark loss ratio exceeds the adjusted experience loss ratio and the amount to be refunded or credited exceeds the sum of $5. The refund shall include interest from the end of the calendar year to the date of the refund or credit at a rate specified by the secretary of health and human services, but it may not be less than the average rate of interest for 13-week treasury notes on the date of refund or credit calculation as established by the federal reserve board and published in the Wall Street Journal. The issuer shall make a refund or credit against premiums due by September 30 following the experience year upon which the refund or credit is based.

**Source:** 18 SDR 225, effective July 17, 1992; 22 SDR 107, effective February 18, 1996; 42 SDR 52, effective October 13, 2015.

**General Authority:** SDCL 58-4-1, 58-17A-2.

**Law Implemented:** SDCL 58-17A-2, 58-17A-5.

**Cross-Reference:** Combination of experience for calculation of refund or credit, § 20:06:13:22.06.

**Notes:** As of the effective date of this rule, the secretary of the U.S. Department of Health and Human Services had not specified an interest rate.

Forms may be obtained from the South Dakota Division of Insurance, 124 South Euclid Avenue, 2nd Floor, Pierre, SD 57501, (605) 773-3563, free of charge.