

State of South Dakota

EIGHTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2013

400U0301

HOUSE BILL NO. 1051

Introduced by: The Committee on Commerce and Energy at the request of the Department
of Labor and Regulation

1 FOR AN ACT ENTITLED, An Act to revise certain provisions related to the director's orders
2 to hazardous insurers.

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

4 Section 1. That § 58-4-41 be amended to read as follows:

5 58-4-41. If the director determines that the continued operation of an insurer licensed to
6 transact business in this state may be hazardous to the policyholders, the creditors, or the general
7 public, then the director may issue an order stating the reasons for the determination and
8 requiring the insurer to:

- 9 (1) Reduce the total amount of present and potential liability for policy benefits by
10 reinsurance;
- 11 (2) Reduce, suspend, or limit the volume of business being accepted or renewed;
- 12 (3) Reduce general insurance and commission expenses by specified methods;
- 13 (4) Increase the insurer's capital and surplus;
- 14 (5) Suspend or limit the declaration and payment of dividend by an insurer to its
15 stockholders or to its policyholders;



- 1 (6) File reports in a form acceptable to the director concerning the market value of an
2 insurer's assets;
- 3 (7) Limit or withdraw from certain investments or discontinue certain investment
4 practices to the extent the director deems necessary;
- 5 (8) Document the adequacy of premium rates in relation to the risks insured; ~~or~~
- 6 (9) File, in addition to regular annual statements, interim financial reports on the form
7 adopted by the national association of insurance commissioners or in a format as
8 promulgated by the director;
- 9 (10) Correct corporate governance practice deficiencies, and adopt and utilize governance
10 practices acceptable to the director;
- 11 (11) Provide a business plan to the director in order to continue to transact business in the
12 state; or
- 13 (12) Notwithstanding any other provision of law limiting the frequency or amount of
14 premium rate adjustments, adjust rates for any nonlife insurance product written by
15 the insurer that the director determines necessary to improve the financial condition
16 of the insurer.

17 If the insurer is a foreign insurer, the director's order may be limited to the extent provided
18 by statute.