

# State of South Dakota

SEVENTY-SIXTH SESSION  
LEGISLATIVE ASSEMBLY, 2001

553E0551

## SENATE BILL NO. 185

Introduced by: Senators Sutton (Dan), Diedrich (Larry), Moore, and Reedy and  
Representatives Jaspers and Broderick

1 FOR AN ACT ENTITLED, An Act to revise certain provisions regarding the assets allowed in  
2 the determination of the financial condition of an insurer.

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

4 Section 1. That § 58-26-1 be amended to read as follows:

5 58-26-1. In any determination of the financial condition of an insurer, there shall be allowed  
6 as assets only such assets as are owned by the insurer and which consist of:

7 (1) Cash in the possession of the insurer, or in transit under its control, and including the  
8 true balance of any deposit in a solvent bank or trust company;

9 (2) Investments, securities, properties, and loans acquired or held in accordance with this  
10 title and in connection therewith the following items:

11 (a) Interest due or accrued on any bond or evidence of indebtedness which is not  
12 in default and which is not valued on a basis including accrued interest;

13 (b) Declared and unpaid dividends on shares of stock, unless such amount has  
14 otherwise been allowed as an asset;

15 (c) Interest due or accrued upon a collateral loan in an amount not to exceed one

1 year's interest thereon;

2 (d) Interest due or accrued on deposits in solvent banks and trust companies, and  
3 interest due or accrued on other assets, if such interest is in the judgment of the  
4 ~~commissioner~~ director a collectible asset;

5 (e) Interest due or accrued on a mortgage loan, in an amount not exceeding in any  
6 event the amount, if any, of the excess of the value of the property less  
7 delinquent taxes thereon over the unpaid principal; but in no event ~~shall~~ may  
8 interest accrued for a period in excess of eighteen months be allowed as an  
9 asset;

10 (f) Rent due or accrued on real property if such rent is not in arrears for more than  
11 three months, and rent more than three months in arrears if the payment of  
12 such rent be adequately secured by property held in the name of the tenant and  
13 conveyed to the insurer as collateral;

14 (g) The unaccrued portion of taxes paid prior to the due date on real property;

15 (3) Premium notes, policy loans, and other policy assets and liens on policies and  
16 certificates of life insurance and annuity contracts and accrued interest thereon, in an  
17 amount not exceeding the legal reserve and other policy liabilities carried on each  
18 individual policy;

19 (4) The net amount of uncollected and deferred premiums and annuity considerations in  
20 the case of a life insurer;

21 (5) Premiums in the course of collection, other than for life insurance, not more than three  
22 months past due, less commissions payable thereon. The foregoing limitation ~~shall~~  
23 does not apply to premiums payable directly or indirectly by the United States  
24 government or by any of its instrumentalities;

- 1 (6) Installment premiums other than life insurance premiums to the extent of the unearned  
2 premium reserve carried on the policy to which premiums apply;
- 3 (7) Notes and like written obligations not past due, taken for premiums other than life  
4 insurance premiums, on policies permitted to be issued on such basis, to the extent of  
5 the unearned premium reserves carried thereon;
- 6 (8) The full amount of reinsurance recoverable by a ceding insurer from a solvent  
7 reinsurer and which reinsurance is authorized under this title;
- 8 (9) Amounts receivable by an assuming insurer representing funds withheld by a solvent  
9 ceding insurer under a reinsurance treaty;
- 10 (10) Deposits or equities recoverable from underwriting associations, syndicates, and  
11 reinsurance funds, or from any suspended banking institution, to the extent deemed  
12 by the director available for the payment of losses and claims and at values to be  
13 determined by ~~him~~ the director;
- 14 (11) Data and word processing machines used in the insurer's business. However, the  
15 original cost of the system shall be at least ~~twenty-five~~ one thousand dollars but may  
16 not be more than three percent of the admitted assets of the insurer. Such cost shall  
17 be amortized over a period not to exceed ~~ten~~ five years;
- 18 (12) All assets, whether or not consistent with the provisions of this section, as may be  
19 allowed pursuant to the annual statement form approved by the director for the kinds  
20 of insurance to be reported upon therein;
- 21 (13) Other assets, not inconsistent with the provisions of this section, deemed by the  
22 director to be available for the payment of losses and claims at values to be  
23 determined by ~~him~~ the director.