

State of South Dakota

SEVENTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2002

463H0546

SENATE COMMERCE COMMITTEE ENGROSSED NO.

SB 136 - 02/01/2002

Introduced by: Senators Cradduck, Bogue, Brosz, Drake, Greenfield, Hutmacher, McCracken, Putnam, and Whiting and Representatives Sebert, Abdallah, Broderick, Brown (Jarvis), Duniphan, Hansen (Tom), Hunhoff, McCaulley, Pummel, Richter, Solum, and Sutton (Duane)

1 FOR AN ACT ENTITLED, An Act to allow state chartered banks to expand their investment
2 options to include certain annuities.

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

4 Section 1. That § 51A-4-25 be amended to read as follows:

5 51A-4-25. A bank may purchase for its own account investment securities and registered
6 mutual funds that invest exclusively in securities of the United States or its agencies and annuities
7 as defined in section 2 of this Act under such limits and restrictions as the commission may by
8 ~~rule~~ prescribe by rule, promulgated pursuant to chapter 1-26. In no event may the total amount
9 of the investment securities of any one obligor or maker held by the bank for its own account
10 exceed twenty percent of the capital stock and surplus and ten percent of the undivided profits
11 of such bank except as provided in §§ 51A-4-26 and 51A-4-31 to 51A-4-41, inclusive.

12 Section 2. That chapter 51A-4 be amended by adding thereto a NEW SECTION to read as
13 follows:



1 For the purposes of § 51A-4-25, an annuity is an investment that credits interest from the
2 inception of the contract, has an interest guarantee period that may be from thirty days to one
3 year in length, and is backed by the assets of the insurer. The insurer shall be rated in the top
4 three categories of both Standard and Poor's Corporation and Moody's Investors Service. The
5 annuity shall be fully liquid and may not be subject to any surrender charges or any other
6 restrictions on redemptions.