

State of South Dakota

EIGHTY-THIRD SESSION
LEGISLATIVE ASSEMBLY, 2008

525P0589

HOUSE BILL NO. 1204

Introduced by: Representatives Brunner, Davis, Halverson, and Noem and Senators
Duenwald, Hansen (Tom), McNenny, and Peterson (Jim)

1 FOR AN ACT ENTITLED, An Act to allow cooperatives to engage in federal crop insurance
2 business and to prohibit certain practices related to the insurance business.

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

4 Section 1. That § 47-15-2 be amended to read as follows:

5 47-15-2. Cooperatives may be organized under this chapter for any lawful purpose except
6 banking and insurance. However, any cooperative organized or registered in this state may
7 engage in the business of federal crop insurance.

8 Section 2. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as
9 follows:

10 The purpose of a license issued under this chapter to an agent is to authorize and enable the
11 licensee actively and in good faith to engage in the insurance business as an agent to the general
12 public and to facilitate the public supervision of such activities in the public interest. A license
13 may not be issued to enable a licensee to receive a rebate of premium in the form of a
14 commission or other compensation as an agent, or to enable the licensee to receive commissions
15 or other compensation based upon insurance solicited or procured by or through the agent upon



1 the agent's own interests or those of other persons with whom the agent is closely associated in
2 capacities other than as an insurance agent.

3 The director may not grant, renew, continue, or permit to exist any agent license for any
4 applicant or licensee if the director finds that the license has been or is being or will probably
5 be used by the applicant or licensee principally for the purpose of writing controlled business.
6 For purposes of this section, the term, controlled business, means insurance written on the
7 agent's own interests or those of the agent's family or of the agent's employer.

8 Section 3. That chapter 58-30 be amended by adding thereto a NEW SECTION to read as
9 follows:

10 The provisions of section 2 of this Act apply to federal crop insurance and all lines of
11 insurance subject to the provisions of this title, except credit health, credit life, or mortgage
12 insurance.