

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

256T0615

SENATE BILL NO. 144

Introduced by: Senators Lederman, Frerichs, Maher, Nelson (Tom), and Rampelberg and
Representatives Miller, Hansen (Jon), Kloucek, and Rozum

1 FOR AN ACT ENTITLED, An Act to amend provisions regarding captive insurance
2 companies.

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

4 Section 1. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 Notwithstanding §§ 58-46-23 and 58-46-23.1, pure captive insurance companies may cede
7 or assume risk from related or unaffiliated captive insurance companies by forming reinsurance
8 risk pools for the purpose of reinsurance upon approval of the director.

9 Section 2. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as
10 follows:

11 The director may approve any application for the formation of or participation in a
12 reinsurance risk pool by pure captive insurance companies as long as the risk pool is
13 domesticated in South Dakota, and complies with the regulatory standards for a pure captive
14 insurance company under chapter 58-46.

15 Section 3. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as



1 follows:

2 Any reinsurance risk pool formed pursuant to this Act shall be treated as a pure captive
3 insurance company for all regulatory and tax purposes.

4 Section 4. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as
5 follows:

6 The director may promulgate rules, in accordance with the existing department rules
7 regulating pure captive insurance companies pursuant to chapter 1-26 regarding the
8 administration of reinsurance risk pools.