

AN ACT

ENTITLED, An Act to revise certain provisions related to the director's orders to hazardous insurers.

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

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

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

- (1) Reduce the total amount of present and potential liability for policy benefits by reinsurance;
- (2) Reduce, suspend, or limit the volume of business being accepted or renewed;
- (3) Reduce general insurance and commission expenses by specified methods;
- (4) Increase the insurer's capital and surplus;
- (5) Suspend or limit the declaration and payment of dividend by an insurer to its stockholders or to its policyholders;
- (6) File reports in a form acceptable to the director concerning the market value of an insurer's assets;
- (7) Limit or withdraw from certain investments or discontinue certain investment practices to the extent the director deems necessary;
- (8) Document the adequacy of premium rates in relation to the risks insured;
- (9) File, in addition to regular annual statements, interim financial reports on the form adopted by the national association of insurance commissioners or in a format as promulgated by the director;
- (10) Correct corporate governance practice deficiencies, and adopt and utilize governance practices acceptable to the director;

- (11) Provide a business plan to the director in order to continue to transact business in the state; or
- (12) Notwithstanding any other provision of law limiting the frequency or amount of premium rate adjustments, adjust rates for any nonlife insurance product written by the insurer that the director determines necessary to improve the financial condition of the insurer.

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

An Act to revise certain provisions related to the director's orders to hazardous insurers.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1051

Chief Clerk

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Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1051

File No. _____

Chapter No. _____

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Received at this Executive Office
this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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The attached Act is hereby
approved this _____ day of
_____, A.D., 20____

Governor

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STATE OF SOUTH DAKOTA,
ss.

Office of the Secretary of State

Filed _____ , 20____
at _____ o'clock __ M.

Secretary of State

By _____
Asst. Secretary of State