AN ACT

ENTITLED, An Act to authorize farm mutual insurers to invest funds in certain stocks and market funds.

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

Section 1. That § 58-35-47 be amended to read as follows:

58-35-47. The directors of a farm mutual insurer may invest the insurer's funds or any part of the insurer's funds in any of the following:

(1) Bonds or other securities issued by the United States government or by any agency or instrumentality of the United States government, or by any United States government-sponsored enterprise;

(2) Bonds or other obligations the payment of the interest and principal of which is assumed or guaranteed by the United States government or any agency or instrumentality of the United States government, or by any United States government-sponsored enterprise;

(3) General obligation bonds or warrants of this state or of any other state of the United States, or of any of the political subdivisions or other taxing districts of this state or any other state;

(4) Certificates of deposit in any bank wherein the deposits are insured by the federal deposit insurance corporation up to the amount to which such insurance protection applies;

(5) Shares or savings accounts of savings and loan and building and loan associations to the extent that such an account is insured by the federal savings and loan insurance corporation;

(6) When authorized by a majority vote of its members present at a duly called and held meeting of members, and with the consent of the director, in a home office building and the land on which such building is situated;

(7) With the approval of the director of the Division of Insurance, in the preferred stock of any solvent corporation existing under the laws of the United States of America, or any state of the United States and in the common stock of any other solvent insurer;

(8) Bonds, notes, or other obligations issued by any federal land bank, federal intermediate credit bank, bank for cooperatives, or any or all of the federal farm credit banks;

(9) With the approval of the director of the Division of Insurance, in common stocks, mutual funds and exchange traded funds consisting of common stocks, not to exceed twenty percent of the company's admitted assets. No individual common stock may exceed five percent of the company's admitted assets;

(10) Money market funds which would qualify as an investment pursuant to § 58-27-101;

(11) With the approval of the director of the Division of Insurance, in an insurance agency;

(12) Investments set forth in § 58-27-103 if the aggregate value of the investments pursuant to that section do not exceed ten percent of the farm mutual's total admitted assets and do not exceed the limitation set forth in § 58-27-53;

(13) With the approval of the director of the Division of Insurance, in corporate bonds, convertible bonds, preferred stocks, or other fixed income mutual funds, or exchange traded funds consisting of income securities issued by corporations. No issuer may exceed five percent of admitted assets and no one mutual fund or exchange traded fund may exceed twenty percent of admitted assets. All individual holdings must be rated A3 or better by Moody's Investor Service or rated A- or better by Standard & Poor's Corporation. All mutual funds or exchange traded funds must have an average credit quality of A3 or better as rated by Moody's Investor Service or A- or better as rated by Standard & Poor's Corporation.

If a farm mutual insurer has invested its funds or any part of its funds pursuant to subdivisions 58-35-

47(9) or (13) and the farm mutual insurer is determined to be in a financially hazardous condition, the director may order the farm mutual insurer to reinvest those funds pursuant to chapters 58-4 or 58-29B.

An Act to authorize farm mutual insurers to invest funds in certain stocks and market funds.

I certify that the attached Act originated in the

HOUSE as Bill No. 1163

_____
Chief Clerk

_____
Speaker of the House

Attest:

_____
Chief Clerk

_____
President of the Senate

Attest:

_____
Secretary of the Senate

House Bill No. 1163
File No. ____
Chapter No. _____

Received at this Executive Office this _____ day of _____ ,

20____ at _____ M.

By _____
for the Governor

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

_____
Governor

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