

AN ACT

ENTITLED, An Act to revise the audit requirements for farm mutual insurers.

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

Section 1. That § 58-35-57 be amended to read as follows:

58-35-57. The following chapters and sections of this title apply to farm mutual insurers to the extent not inconsistent with the express provisions of this chapter and the reasonable implications of the express provisions:

- (1) Chapter 58-1. Definitions and General Provisions;
- (2) Chapter 58-2. Division of Insurance;
- (3) Chapter 58-3. Examination of Insurers and Insurance Producers;
- (4) Chapter 58-4. Enforcement Powers and Proceedings (except § 58-4-7);
- (5) Chapter 58-4A. Insurance Fraud;
- (6) Sections 58-5-134 to 58-5-140, inclusive. Organization and General Powers of Insurers;
- (7) Chapter 58-10. Insurable Interest;
- (8) Chapter 58-11. Form and Contents of Insurance Policies;
- (9) Chapter 58-12. Insurance Claims and Benefits (except § 58-12-3);
- (10) Chapter 58-17D. Standards for Utilization Review for Property and Casualty Insurers;
- (11) Chapter 58-33. Unfair Trade Practices;
- (12) Chapter 58-30. Insurance Producers;
- (13) Chapter 58-29B. Insurers Supervision, Rehabilitation and Liquidation;
- (14) Chapter 58-43. Independent Audit of Insurers (except § 58-43-2).

Section 2. That chapter 58-35 be amended by adding thereto a NEW SECTION to read as follows:

Any farm mutual insurer having direct premiums written in this state of more than two million

dollars in any calendar year and more than two thousand policyholders or certificate holders of directly written policies nationwide at the end of a calendar year shall have an annual audit by an accountant of the financial statements reporting the financial position and the results of operations. This section also applies to insurers having assumed premiums pursuant to contracts or treaties of reinsurance of two million dollars or more. The director may require insurers with less than two million dollars in direct premiums and less than two thousand policyholders or certificate holders to have independent audits to determine the financial status of the insurer.

The insurer shall file an audited financial report with the director on or before June first for the year that ended on the immediately preceding December thirty-first. The director may require an insurer to file an audited financial report earlier than June first with ninety days advance notice to the insurer.

Extensions of the June first filing date may be granted by the director for thirty-day periods upon a showing by the insurer and its accountant to the director that there is good cause for an extension. The request for extension shall be submitted in writing to the director not less than ten days prior to the due date in sufficient detail to permit the director to make an informed decision.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1211

Chief Clerk

Speaker of the House

Attest:

Chief Clerk

President of the Senate

Attest:

Secretary of the Senate

House Bill No. 1211

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