

# State of South Dakota

SEVENTY-SEVENTH SESSION  
LEGISLATIVE ASSEMBLY, 2002

940H0600

## HOUSE ENGROSSED NO. **HB 1153** - 01/30/2002

Introduced by: Representatives Broderick, Begalka, Hansen (Tom), Madsen, Nesselhuf, and Olson (Mel) and Senators Bogue, Diedrich (Larry), Munson, and Sutton (Dan)

1 FOR AN ACT ENTITLED, An Act to provide procedural requirements for ineligibility orders  
2 issued by the division of insurance and to repeal a surplus line insurer's responsibility to remit  
3 surplus lines tax not remitted by an unlicensed surplus lines broker.

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

5 Section 1. That § 58-32-24 be amended to read as follows:

6 58-32-24. The insurer with which surplus line insurance is placed shall be in compliance with  
7 either subdivision 58-32-22(1), (2), or (3) and not be ineligible as a surplus line insurer by order  
8 of the director received by or known to the broker. The director may issue such an order of  
9 ineligibility if the director finds ~~or has reason to believe,~~ after a hearing conducted pursuant to  
10 chapter 1-26, that the insurer:

- 11 (1) Does not meet the requirements of §§ 58-32-21 to 58-32-25, inclusive;
- 12 (2) Has without just cause refused to pay claims arising under its contracts in the United  
13 States or has otherwise conducted its affairs in such manner as to result in injury or  
14 loss to the insuring public of the United States;



- 1 (3) Has failed to file the annual statement required in § 58-32-16.1;
- 2 (4) Has failed to provide information within twenty days of a request from the division;
- 3 (5) Has utilized surplus lines brokers who were not properly licensed in this state; or
- 4 (6) Has failed, within thirty days after notice, to ~~remit or cause to be remitted any surplus~~
- 5 ~~lines tax due from an unlicensed surplus lines broker~~ provide the name of the broker
- 6 that placed the insurance and the name of the insured.