

AN ACT

ENTITLED, An Act to revise the record retention period for certain insurance licensees and registrants.

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

Section 1. That § 58-30-127 be amended to read as follows:

58-30-127. No managing general agent may place business with an insurer unless there is in force a written contract between the parties which sets forth the responsibilities of each party and specifies the division of common or shared responsibilities. The contract shall contain the following minimum provisions:

- (1) The insurer may terminate the contract for cause upon written notice to the managing general agent. The insurer may suspend the underwriting authority of the managing general agent during the pendency of any dispute regarding the cause for termination;
- (2) The managing general agent shall render accounts to the insurer detailing all transactions and remit all funds due under the contract to the insurer on not less than a monthly basis;
- (3) All funds collected for the account of an insurer shall be held by the managing general agent in an escrow account in a bank which is a qualified United States financial institution as defined in § 58-30-139. This account shall be used for all payments on behalf of the insurer. The managing general agent may retain no more than three months estimated claims payments and allocated loss adjustment expenses;
- (4) Separate records of business written by the managing general agent shall be maintained. The insurer shall have access and right to copy all accounts and records related to its business in a form usable by the insurer and the director shall have access to all books, bank accounts, and records of the managing general agent in a form usable to the director. Records shall be retained for five years;

- (5) The contract may not be assigned in whole or part by the managing general agent;
- (6) Appropriate underwriting guidelines including:
  - (a) The maximum annual premium volume;
  - (b) The basis of the rates to be charged;
  - (c) The types of risks which may be written;
  - (d) Maximum limits of liability;
  - (e) Applicable exclusions;
  - (f) Territorial limitations;
  - (g) Policy cancellation provisions; and
  - (h) The maximum policy period; and
- (7) Timely transmission of electronic claims files.

The insurer may cancel or nonrenew any policy of insurance subject to the applicable laws and regulations concerning the cancellation and nonrenewal of insurance policies.

Section 2. That chapter 58-1 be amended by adding thereto a NEW SECTION to read as follows:

Any insurer, nonprofit, surgical, dental or hospital plan, a health maintenance organization, or any other person required to be licensed or registered under this title shall retain all books and records that are subject to examination pursuant to chapter 58-3 for a period of not less than five years.

An Act to revise the record retention period for certain insurance licensees and registrants.

I certify that the attached Act  
originated in the

HOUSE as Bill No. 1021

\_\_\_\_\_  
Chief Clerk

\_\_\_\_\_  
Speaker of the House

Attest:

\_\_\_\_\_  
Chief Clerk

\_\_\_\_\_  
President of the Senate

Attest:

\_\_\_\_\_  
Secretary of the Senate

House Bill No. 1021

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