

AN ACT

ENTITLED, An Act to revise certain references regarding the Division of Insurance.

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

Section 1. That § 58-5-138 be amended to read:

58-5-138. No domestic mutual insurer in this state may reorganize or convert into a corporation with capital stock unless the reorganization or conversion plan provides each member of the mutual insurer with cash or other valuable consideration for the fair value of the member's equity in the company as determined under a formula approved by the director of the Division of Insurance and the secretary of labor and regulation.

Section 2. That § 58-6-32 be amended to read:

58-6-32. A property insurer may without additional capital or additional surplus include such amount and kind of insurance against legal liability for injury, damage, or loss to the person or property of others, and for medical, hospital, and surgical expense related to such injury, as the director deems to be reasonably incidental to insurance of real property against fire and other perils under policies covering farm properties, or residential properties designed for occupancy by not more than four families, with or without incidental office, professional, private school, or studio occupancy by an insured, whether or not the premium or rate charged for certain perils so covered is specified in the policy. No insurer authorized as to property insurance only may pursuant to this section retain risk as to any one subject of insurance as to hazards, other than property insurance hazards, in an amount exceeding ten percent of its surplus to policyholders.

Section 3. That subdivision (3) of § 58-33-119 be amended to read:

- (3) An application to the existing insurer that issued the existing policy or contract if a contractual change or a conversion privilege is being exercised; or, if the existing policy or contract is being replaced by the same insurer pursuant to a program filed with and

approved by the director; or, if a term conversion privilege is exercised among corporate affiliates;

Section 4. That subdivision (1) of § 47-31B-102 be amended to read:

(1) "Director," the director of insurance;

Section 5. That § 47-31B-601 be amended to read:

47-31B-601. (a) Administration. This chapter shall be administered by the director.

(b) The director shall designate one of the director's employees to administer the provisions of this chapter in the event of the director's absence or disability.

(c) This chapter shall be administered under the direction and supervision of the Department of Labor and Regulation and the secretary thereof, but shall retain the quasi-judicial, quasi-legislative, advisory, and other nonadministrative functions, as defined in § 1-32-1, otherwise vested in it and shall exercise those functions independently of the secretary of the Department of Labor and Regulation.

(d) The director shall be appointed by the secretary of the Department of Labor and Regulation and may be removed at the pleasure of the secretary. The appointment and removal of the director shall be subject to approval by the Governor.

(e) The director shall receive travel expenses, in accordance with the rules of the Board of Finance, incurred in the discharge of official duties.

(f) The director shall employ, from time to time, such clerks and employees as are necessary for the administration of this chapter, and they shall perform such duties as the director shall assign.

(g) The director may be included in the state's employees' blanket bond pursuant to § 3-5-5.1.

(h) The director may use the seal with the words, Director of Insurance, South Dakota, with a design the director prescribes engraved on the seal to authenticate the director's signature and proceedings.

(i) Unlawful use of records or information. It is unlawful for the director or an officer, employee, or designee of the director to use for personal benefit or the benefit of others records or other information obtained by or filed with the director that are not public under § 47-31B-607(b). This chapter does not authorize the director or an officer, employee, or designee of the director to disclose the record or information, except in accordance with § 47-31B-602, 47-31B-607(c), or 47-31B-608.

(j) No privilege or exemption created or diminished. This chapter does not create or diminish a privilege or exemption that exists at common law, by statute or rule, or otherwise.

(k) Investor education. The director may develop and implement investor education initiatives to inform the public about investing in securities, with particular emphasis on the prevention and detection of securities fraud. In developing and implementing these initiatives, the director may collaborate with public and nonprofit organizations with an interest in investor education. The director may accept a grant or donation from a person that is not affiliated with the securities industry or from a nonprofit organization, regardless of whether the organization is affiliated with the securities industry, to develop and implement investor education initiatives. This subsection does not authorize the director to require participation or monetary contributions of a registrant in an investor education program.

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I certify that the attached Act
originated in the

HOUSE as Bill No. 1042

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. 1042

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