

AN ACT

ENTITLED, An Act to remove certain provisions relating to countersignatures for insurance producers.

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

Section 1. That § 58-30-144 be amended to read as follows:

58-30-144. Nothing in §§ 58-30-141 to 58-30-195, inclusive, requires an insurer to obtain an insurance producer license. In this section, the term, insurer, does not include an insurer's officers, directors, employees, subsidiaries, or affiliates.

A license as an insurance producer is not required of the following:

- (1) The officer, director, or employee of an insurer or of an insurance producer, if the officer, director, or employee does not receive any commission on policies written or sold to insure risks residing, located, or to be performed in this state and:
  - (a) The officer's, director's, or employee's activities are executive, administrative, managerial, clerical, or a combination of these, and are only indirectly related to the sale, solicitation, or negotiation of insurance;
  - (b) The officer's, director's, or employee's function relates to underwriting, loss control, inspection or the processing, adjusting, investigating, or settling of a claim on a contract of insurance; or
  - (c) The officer, director, or employee is acting in the capacity of a special agent or agency supervisor assisting insurance producers, if the person's activities are limited to providing technical advice and assistance to licensed insurance producers and do not include the sale, solicitation, or negotiation of insurance;
- (2) Any person who secures and furnishes information for the purpose of group life insurance, group property and casualty insurance, group annuities, group or blanket

accident and health insurance; or for the purpose of enrolling individuals under plans, issuing certificates under plans, or otherwise assisting in administering plans; or who performs administrative services related to mass marketed property and casualty insurance, if no commission is paid to the person for the service;

- (3) Any employer or association or its officers, directors, employees, or the trustees of an employee trust plan, to the extent that the employers, officers, employees, director, or trustees are engaged in the administration or operation of a program of employee benefits for the employer's or association's own employees or the employees of its subsidiaries or affiliates, which program involves the use of insurance issued by an insurer, as long as the employers, associations, officers, directors, employees, or trustees are not in any manner compensated, directly or indirectly, by the company issuing the contracts;
- (4) Any employee of an insurer or an organization employed by an insurer who is engaging in the inspection, rating, or classification of risks, or in the supervision of the training of insurance producers and who is not individually engaged in the sale, solicitation, or negotiation of insurance;
- (5) Any person whose activities in this state are limited to advertising without the intent to solicit insurance in this state through communications in printed publications or other forms of electronic mass media whose distribution is not limited to residents of the state, if the person does not sell, solicit, or negotiate insurance that would insure risks residing, located, or to be performed in this state;
- (6) Any person who is not a resident of this state who sells, solicits, or negotiates a contract of insurance for commercial property and casualty risks to an insured with risks located in more than one state insured under that contract, if that person is otherwise licensed as an insurance producer to sell, solicit, or negotiate that insurance in the state where the

insured maintains its principal place of business and the contract of insurance insures risks located in that state;

- (7) Any salaried full-time employee who counsels or advises his or her employer relative to the insurance interests of the employer or of the subsidiaries or business affiliates of the employer, if the employee does not sell or solicit insurance or receive a commission;
- (8) Any person engaged in the business of fur storage who delivers to customers certificates or policies providing insurance on specified furs, garments trimmed with fur, or other garments accepted for storage and who collects the premium therefor, if the person receives no commissions for such service; or
- (9) Any person engaged in the sale or issuance by motor vehicle dealers licensed under chapter 32-6B of motor vehicle service contracts, extended service agreements, mechanical breakdown insurance, or insurance of the mechanical condition, or freedom from defective or worn parts or equipment of motor vehicles.

Section 2. That § 58-30-175 be amended to read as follows:

58-30-175. No insurance producer or business entity may act as an agent of an insurer unless the insurance producer becomes an appointed insurance producer of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed. This section does not apply to property and casualty insurance producers who sell, solicit, or negotiate and place insurance with admitted insurers although the insurance producer is not appointed with the insurer if all insurance business placed by the unappointed insurance producer is through a licensed insurance producer who is appointed by the insurer involved in the transaction and if the coverage is not reasonably available through the insurance producer's existing appointed insurers for placements made as authorized by this section. The unappointed insurance producer may receive compensation from the insurer or a resident appointed insurance producer.

Section 3. That § 58-30-104 be repealed.

Section 4. That § 58-6-65 be repealed.

Section 5. That § 58-6-66 be repealed.

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I certify that the attached Act  
originated in the  
  
HOUSE as Bill No. 1257

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

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

Attest:

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

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

Attest:

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

House Bill No. 1257  
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

=====  
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