## **State of South Dakota**

## EIGHTY-SEVENTH SESSION LEGISLATIVE ASSEMBLY, 2012

## 256T0615

## SENATE BILL NO. 144

Introduced by: Senators Lederman, Frerichs, Maher, Nelson (Tom), and Rampelberg and Representatives Miller, Hansen (Jon), Kloucek, and Rozum

- FOR AN ACT ENTITLED, An Act to amend provisions regarding captive insurance
   companies.
- 3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:
- 4 Section 1. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as
- 5 follows:
- 6 Notwithstanding §§ 58-46-23 and 58-46-23.1, pure captive insurance companies may cede
- 7 or assume risk from related or unaffiliated captive insurance companies by forming reinsurance
- 8 risk pools for the purpose of reinsurance upon approval of the director.
- 9 Section 2. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as10 follows:
- 11 The director may approve any application for the formation of or participation in a 12 reinsurance risk pool by pure captive insurance companies as long as the risk pool is 13 domesticated in South Dakota, and complies with the regulatory standards for a pure captive 14 insurance company under chapter 58-46.
- 15 Section 3. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as



1 follows:

2 Any reinsurance risk pool formed pursuant to this Act shall be treated as a pure captive 3 insurance company for all regulatory and tax purposes.

Section 4. That chapter 58-46 be amended by adding thereto a NEW SECTION to read as
follows:

6 The director may promulgate rules, in accordance with the existing department rules 7 regulating pure captive insurance companies pursuant to chapter 1-26 regarding the 8 administration of reinsurance risk pools.