
**Source:** 21 SDR 144, effective February 19, 1995; 23 SDR 43, effective October 1, 1996; 23 SDR 202, effective June 1, 1997; 25 SDR 13, effective August 9, 1998; 26 SDR 26, effective September 1, 1999; 27 SDR 54, effective December 4, 2000; 29 SDR 84, effective December 15, 2002; 31 SDR 21, effective August 23, 2004; 33 SDR 59, effective October 5, 2006; 34 SDR 271, effective May 6, 2008; 35 SDR 165, effective December 22, 2008; 36 SDR 209, effective July 1, 2010; 37 SDR 241, effective July 1, 2011; 38 SDR 219, effective June 25, 2012; 39 SDR 219, effective June 26, 2013; 41 SDR 41, effective September 17, 2014; 42 SDR 52, effective October 13, 2015; 42 SDR 177, effective June 28, 2016; 43 SDR 181, effective July 7, 2017.

**General Authority:** SDCL 58-3-11, 58-3-26.

**Law Implemented:** SDCL 58-3-3.3, 58-3-11.


20:06:19:04. **Accounting standards for transactions in exchange-traded call and put options.** An insurance company that buys or sells exchange-traded call and put options must record the details of the transactions in a manner consistent with NAIC rules and procedures contained in the 2016 edition of the Annual Statement Instructions, the 2017 edition Financial Condition Examiners Handbook, the 2016 edition Accounting


References:


Copies of references 1 to 5, inclusive, may be obtained from the National Association of Insurance Commissioners, 1100 Walnut Street, Ste. 1500, Kansas City, MO 64106-2197, (816) 783-8300; http://www.naic.org.


Source: 21 SDR 144, effective February 19, 1995; 22 SDR 110, effective March 1, 1996; 23 SDR 202, effective June 1, 1997; 25 SDR 13, effective August 9, 1998; 26 SDR 26, effective September 1, 1999; 27 SDR 54, effective December 4, 2000; 27 SDR 111, effective May 7, 2001; 30 SDR 39, effective September 28, 2003; 31 SDR 21, effective August 23, 2004; 33 SDR 59, effective October 5, 2006; 34 SDR 271, effective May 6, 2008; 35 SDR 165, effective December 22, 2008; 36 SDR 209, effective July 1, 2010; 37 SDR 241, effective July 1, 2011; 38 SDR 219, effective June 25, 2012; 39 SDR 219, effective June 26, 2013; 41 SDR 41, effective September 17, 2014; 42 SDR 52, effective October 13, 2015; 42 SDR 177, effective June 28, 2016; 43 SDR 181, effective July 7, 2017.

General Authority: SDCL 58-6-75.

Law Implemented: SDCL 58-6-75.

References:


4. **Annual Statement Instructions - Title, 2016-2017 edition.** Cost: $200


Copies of references 1 to 5, inclusive, may be obtained from the National Association of Insurance Commissioners, 1100 Walnut Street, Ste. 1500, Kansas City, MO 64106-2197, (816) 783-8300; http://www.naic.org.

**20:06:25:01.01. Accounting methods for certain surety bonds.** Insurers writing surety bonds guaranteeing to lending institutions the repayment of student loans made by lending institutions may, in lieu of compliance with SSAP60 of the Accounting Practices and Procedures Manual, develop premium earning patterns that are representative of their claims and expense patterns by loan and program, and compute unearned premium reserves according to those premium earning patterns. In lieu of compliance with SSAP3 of the Accounting Practices and Procedures Manual, changes in accounting estimates, for this method of accounting only, may be amortized over the remaining life of the student loans utilizing prorated current premium earning patterns. In lieu of compliance with SSAP53 of the Accounting Practices and Procedures Manual, such insurers may recognize written premiums when due.

**Source:** 27 SDR 111, effective May 7, 2001; 29 SDR 5, effective July 10, 2002; 30 SDR 39, effective September 28, 2003; 31 SDR 21, effective August 23, 2004; 33 SDR 59, effective
October 5, 2006; 34 SDR 271, effective May 6, 2008; 35 SDR 165, effective December 22, 2008; 36 SDR 209, effective July 1, 2010; 37 SDR 241, effective July 1, 2011; 38 SDR 219, effective June 25, 2012; 39 SDR 219, effective June 26, 2013; 41 SDR 41, effective September 17, 2014; 42 SDR 52, effective October 13, 2015; 42 SDR 177, effective June 28, 2016.

General Authority: SDCL 58-6-75.

Law Implemented: SDCL 58-6-75.


20:06:25:01.02. Accounting methods for bail bonds. Insurers writing bail bonds may, in lieu of compliance with SSAP 53 of the Accounting Practices and Procedures Manual, report bail bond written premiums less agent commissions and may recognize total premiums as earned on the effective date of the bonds. Insurers reporting premiums on this method must file a supplemental Schedule T with their annual statement setting forth the gross premiums by state for premium tax purposes.


General Authority: SDCL 58-6-75.
Law Implemented: SDCL 58-6-75.


Source: 21 SDR 144, effective February 19, 1995; 22 SDR 110, effective March 1, 1996; 23 SDR 202, effective June 1, 1997; 25 SDR 13, effective August 9, 1998; 26 SDR 26, effective September 1, 1999; 27 SDR 54, effective December 4, 2000; 30 SDR 39, effective September 28, 2003; 31 SDR 21, effective August 23, 2004; 33 SDR 59, effective October 5, 2006; 34 SDR 271, effective May 6, 2008; 35 SDR 165, effective December 22, 2008; 36 SDR 209, effective July 1, 2010; 37 SDR 241, effective July 1, 2011; 38 SDR 219, effective June 25, 2012; 39 SDR 219, effective June 26, 2013; 41 SDR 41, effective September 17, 2014; 42 SDR 52, effective October 13, 2015; 42 SDR 177, effective June 28, 2016; 43 SDR 181, effective July 7, 2017.


References:


Copies of references 1 and 2 may be obtained from the National Association of Insurance Commissioners, 1100 Walnut Street, Ste. 1500, Kansas City, MO 64106-2197, (816) 783-8300; http://www.naic.org.


**Source:** 21 SDR 144, effective February 19, 1995; 22 SDR 110, effective March 1, 1996; 23 SDR 202, effective June 1, 1997; 25 SDR 13, effective August 9, 1998; 26 SDR 26, effective September 1, 1999; 27 SDR 54, effective December 4, 2000; 30 SDR 39, effective September 28, 2003; 31 SDR 21, effective August 23, 2004; 33 SDR 59, effective October 5, 2006; 34 SDR 271, effective May 6, 2008; 35 SDR 165, effective December 22, 2008; 36 SDR 209, effective July 1, 2010; 37 SDR 241, effective July 1, 2011; 38 SDR 219, effective June 25, 2012; 39 SDR 219, effective June 26, 2013; 41 SDR 41, effective September 17, 2014; 42 SDR 52, effective October 13, 2015; 42 SDR 177, effective June 28, 2016; 43 SDR 181, effective July 7, 2017.

**General Authority:** SDCL 58-27-108.

**Law Implemented:** SDCL 58-27-108.

20:06:36:01. Definitions. Terms used in this chapter mean:

(1) "Adjusted RBC report," an RBC report which has been adjusted by the director in accordance with § 20:06:36:06;

(2) "Corrective order," an order issued by the director specifying corrective actions which the director has determined are required;

(3) "Domestic insurer," any insurance company domiciled in this state or any entity required to comply with RBC pursuant to § 58-4-48;

(4) "Domestic health organization," any health organization domiciled in this state;

(5) "Foreign insurer," any insurance company which is licensed to do business in this state but is not domiciled in this state;

(6) "Foreign health organization," any health organization that is licensed to do business in this state, but is not domiciled in this state;

(7) "Health Organization," any health maintenance organization, limited health service organization, dental or vision plan, hospital, medical and dental indemnity or service corporation or other managed care organization licensed under SDCL Title 58. This definition does not include an organization that is licensed as either a life or health insurer or property and casualty insurer, and that is otherwise subject to either life or property and casualty RBC requirements;

(8) "NAIC," the National Association of Insurance Commissioners;
(9) "Life or health insurer," any insurance company licensed under SDCL Title 58 to write life or health, or a property and casualty insurer licensed to do business in this state writing only accident and health insurance;

(10) "Property and casualty insurer," any insurance company licensed under SDCL Title 58 to do business in this state, but not monoline mortgage guaranty insurers, financial guaranty insurers, and title insurers;

(11) "Negative trend," for a life or health insurer, a negative trend in the level of risk-based capital over a period of time;

(12) "RBC," risk-based capital;

(13) "RBC instructions," the 2016-2017 NAIC RBC Forecasting and Instructions-Life, the 2016-2017 NAIC RBC Forecasting and Instructions-Property/Casualty, and the 2016-2017 NAIC RBC Forecasting and Instructions-Health;

(14) "RBC plan," a comprehensive financial plan containing the elements specified in § 20:06:36:08. If the director rejects the RBC plan and it is revised by the insurer or health organization, with or without the director's recommendation, the plan is called the "revised RBC plan";

(15) "RBC report," the report required in §§ 20:06:36:03 to 20:06:36:06, inclusive;

(16) "Total adjusted capital," the sum of an insurer's or health organization's statutory capital and surplus as determined in accordance with the statutory accounting applicable to the annual financial statements required to be filed under SDCL 58-6-75, and any other items required by the RBC instructions.

Source: 23 SDR 228, effective July 3, 1997; 25 SDR 13, effective August 9, 1998; 26 SDR 26, effective September 1, 1999; 27 SDR 54, effective December 4, 2000; 30 SDR 39,
effective September 28, 2003; 31 SDR 21, effective August 23, 2004; 33 SDR 59, effective
October 5, 2006; 34 SDR 271, effective May 6, 2008; 35 SDR 165, effective December 22,
2008; 36 SDR 209, effective July 1, 2010; 37 SDR 241, effective July 1, 2011; 38 SDR 219,
effective June 25, 2012; 39 SDR 219, effective June 26, 2013; 41 SDR 41, effective September
17, 2014; 41 SDR 93, effective December 3, 2014; 42 SDR 52, effective October 13, 2015; 42
SDR 177, effective June 28, 2016; 43 SDR 181, effective July 7, 2017.

General Authority: SDCL 58-4-48.

Law Implemented: SDCL 58-4-48.

References:


Copies of references 1 and 3, inclusive, may be obtained from the National Association
of Insurance Commissioners, 1100 Walnut Street, Ste. 1500, Kansas City, MO 64106-2197,
(816) 783-8300; http://www.naic.org.

20:06:59:01. Valuation manual – operative date. The valuation of reserve liabilities
for life insurance contracts, annuity and pure endowment contracts, accident and health
contracts, and deposit-type contracts shall be calculated in accordance with the standards set
forth in the Valuation Manual of the National Association of Insurance Commissioners, August

Source: 43 SDR 80, effective December 5, 2016.
**General Authority:** SDCL 58-26-45.1.

**Law Implemented:** SDCL 58-26-44.1(11), 58-26-45.1.


Copies may be obtained from the NAIC, 1100 Walnut Street, Ste. 1500, Kansas City, MO 64106-2197, (816) 783-8300.