

State of South Dakota

SEVENTY-EIGHTH SESSION
LEGISLATIVE ASSEMBLY, 2003

400I0310

SENATE BILL NO. 54

Introduced by: The Committee on Commerce at the request of the Department of Commerce
and Regulation

1 FOR AN ACT ENTITLED, An Act to revise certain provisions relating to notes to insurance
2 company financial reports.

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

4 Section 1. That § 58-43-4 be amended to read as follows:

5 58-43-4. The annual audited financial report shall report the financial position of the insurer
6 as of the end of the most recent calendar year and the results of its operations, cash flows, and
7 changes in capital and surplus for the year then ended. The audit shall reflect the statutory
8 accounting practices prescribed, or otherwise permitted, by the division. The report shall include
9 the following:

- 10 (1) Report of the accountant;
- 11 (2) Balance sheet reporting admitted assets, liabilities, capital, and surplus;
- 12 (3) Statement of operations;
- 13 (4) Statement of cash flows;
- 14 (5) Statement of changes in capital and surplus; and
- 15 (6) Notes to financial statements. ~~These notes shall be those required by the National~~



1 ~~Association of Insurance Commissioners annual statement instructions and any other~~
2 ~~notes required by generally accepted accounting principles and shall also include:~~

3 ~~—————(a)———A~~

4 Any notes to financial statements shall be prepared in accordance with the Annual Statement
5 Instructions Manual and the Accounting Practices and Procedures Manual prescribed by the
6 National Association of Insurance Commissioners as promulgated by rule by the director
7 pursuant to chapter 1-26 and shall also include a reconciliation of differences, if any, between
8 the audited statutory financial statements and the annual statement filed pursuant to § 58-6-75
9 with a written description of the nature of these differences;~~and~~

10 ~~—————(b)———A summary of ownership and relationships of the insurer and all affiliated~~
11 ~~companies.~~

12 Financial statements furnished pursuant to §§ 58-43-4 and 58-43-5 shall be reviewed by an
13 accountant. The audit of the insurer's financial statements shall be conducted in accordance with
14 generally accepted auditing standards. Consideration should also be given to procedures
15 illustrated in the financial condition examiner's handbook promulgated by the national association
16 of insurance commissioners as the accountant considers necessary.