



March 20, 2015

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# ENGROSSED HOUSE BILL No. 1341

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DIGEST OF HB 1341 (Updated March 19, 2015 11:03 am - DI 97)

**Citations Affected:** IC 12-15; IC 27-1; IC 27-7; IC 27-8; IC 27-17; IC 36-8.

**Synopsis:** Insurance matters. Requires disregard of a spouse's assets in Medicaid eligibility determinations related to long term care insurance. Corrects a conflict concerning payment of expenses of the department of insurance (department) from the general fund. Amends the law concerning internal audits of domestic insurer and insurer group financial statements. Requires an insurer or insurance group to file with the commissioner of insurance an annual corporate governance disclosure. Specifies requirements concerning use and disclosure of information related to the annual corporate governance disclosure. Removes a requirement for placement of the insurance commissioner's (commissioner) signature on approval of a proposed insurer. Defines "designated home state license" and provides for the licensure for certain out of state insurance producers. Specifies a designated home state license fee. Adds certain: (1) guarantees made by an insurer; and (2) acquisitions or investments; to the list of transactions between a domestic insurer and another person in an  
(Continued next page)

**Effective:** Upon passage; July 1, 2015; January 1, 2016.

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## Lehman, Hale, Hamm

(SENATE SPONSORS — HOLDMAN, MRVAN)

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January 13, 2015, read first time and referred to Committee on Insurance.  
January 29, 2015, amended, reported — Do Pass.  
February 3, 2015, read second time, amended, ordered engrossed.  
February 4, 2015, engrossed.  
February 5, 2015, read third time, passed. Yeas 96, nays 0.

SENATE ACTION

February 24, 2015, read first time and referred to Committee on Insurance & Financial Institutions.  
March 19, 2015, amended, reported favorably — Do Pass.

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## Digest Continued

insurance holding company system that require prior notice to the commissioner. Repeals and replaces a section of the public adjuster law concerning public adjuster violations and penalties. Excludes information related to title insurance from the law concerning electronic posting or delivery of insurance notices and documents. Removes a requirement that a policy insure more than four automobiles for purposes of application of the law concerning cancellation of automobile insurance policies. Provides for issuance of group casualty and liability insurance in certain circumstances. Allows the department to adopt emergency rules to conform the definition of "small employer" to federal law. Provides for registration renewal annually on the last day of the month of issuance, rather than on June 30 of each year, for claim review agents and utilization review agents. Removes an annual reporting requirement by the police benefit fund to the department of insurance.

**EH 1341—LS 7048/DI 97**



March 20, 2015

First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

## ENGROSSED HOUSE BILL No. 1341

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A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 12-15-39.6-10 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) As used in  
3 this section, "asset disregard" means one (1) of the following:  
4 (1) A one dollar (\$1) increase in the amount of assets an  
5 individual who:  
6 (A) purchases a qualified long term care policy; and  
7 (B) meets the requirements under section 8 of this chapter;  
8 may retain under IC 12-15-3 for each one dollar (\$1) of benefit  
9 paid out under the individual's long term care policy for long term  
10 care services.  
11 (2) The total assets an individual owns and may retain under  
12 IC 12-15-3 and still qualify for benefits under IC 12-15 at the time  
13 the individual applies for benefits if the individual:  
14 (A) is the beneficiary of a qualified long term care policy that  
15 provides maximum benefits at time of purchase of at least one

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1           hundred forty thousand dollars (\$140,000) and includes a  
 2           provision under which the daily benefit increases by at least  
 3           five percent (5%) per year, compounded at least annually;  
 4           (B) meets the requirements under section 8 of this chapter; and  
 5           (C) has exhausted the benefits of the qualified long term care  
 6           policy.

7           (b) When the office determines whether an individual is eligible for  
 8           Medicaid under IC 12-15-3, the office shall:

9           (1) make an asset disregard adjustment for any individual who  
 10          purchases a qualified long term care policy; **and**

11          **(2) if the assets owned by the individual's spouse are included**  
 12          **in the individual's eligibility determination, include the assets**  
 13          **of the individual's spouse in the asset disregard adjustment.**

14          The asset disregard must be available after benefits of the long term  
 15          care policy have been applied to the cost of long term care as required  
 16          under this chapter.

17          (c) The qualified long term care policy an individual must purchase  
 18          to be eligible for the asset disregard under subsection (a)(2) must have  
 19          maximum benefits at time of purchase equal to at least one hundred  
 20          forty thousand dollars (\$140,000) plus five percent (5%) interest  
 21          compounded annually beginning January 1, 1999.

22          SECTION 2. IC 27-1-3-16 IS AMENDED TO READ AS  
 23          FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 16. All taxes provided  
 24          by this article and all fees accruing to the department as provided in  
 25          this article shall be paid into the state treasury monthly. ~~All expenses~~  
 26          ~~incurred and all compensation paid by the department in the~~  
 27          ~~administration of this article shall be paid out of the general fund, in~~  
 28          ~~the same manner as other state expense and compensation are paid.~~

29          SECTION 3. IC 27-1-3.5-0.5 IS ADDED TO THE INDIANA  
 30          CODE AS A NEW SECTION TO READ AS FOLLOWS  
 31          [EFFECTIVE JULY 1, 2015]: **Sec. 0.5. (a) As used in this chapter,**  
 32          **"audit committee" means a body established by the board of**  
 33          **directors of a domestic insurer or group of insurers for the purpose**  
 34          **of overseeing:**

35          **(1) the accounting and financial reporting processes;**

36          **(2) external audits of financial statements; and**

37          **(3) the internal audit function;**

38          **of a domestic insurer or group of insurers.**

39          (b) For purposes of this chapter, the audit committee of an  
 40          insurance holding company system is considered to be the audit  
 41          committee of a group of insurers that are members of the  
 42          insurance holding company system, at the election of the insurance



1 **holding company system.**

2 **(c) For purposes of this chapter, if a board of directors does not**  
 3 **establish an audit committee, the entire board of directors**  
 4 **constitutes the audit committee.**

5 SECTION 4. IC 27-1-3.5-2.6 IS ADDED TO THE INDIANA  
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 7 [EFFECTIVE JULY 1, 2015]: **Sec. 2.6. As used in this chapter,**  
 8 **"group of insurers" means two (2) or more insurers that are part**  
 9 **of an insurance holding company system.**

10 SECTION 5. IC 27-1-3.5-3.1 IS ADDED TO THE INDIANA  
 11 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 12 [EFFECTIVE JULY 1, 2015]: **Sec. 3.1. As used in this chapter,**  
 13 **"insurance holding company system" has the meaning set forth in**  
 14 **IC 27-1-23-1.**

15 SECTION 6. IC 27-1-3.5-3.2 IS ADDED TO THE INDIANA  
 16 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 17 [EFFECTIVE JULY 1, 2015]: **Sec. 3.2. As used in this chapter,**  
 18 **"internal audit function" means a process that provides**  
 19 **independent, objective, and reasonable assurance that is designed**  
 20 **to:**

- 21 (1) **add value to and improve a domestic insurer's or group of**  
 22 **insurers' operations; and**  
 23 (2) **accomplish the domestic insurer's or group of insurers'**  
 24 **objectives;**

25 **through introduction of a systematic, disciplined approach to the**  
 26 **evaluation and improvement of the effectiveness of risk**  
 27 **management, control, and governance processes.**

28 SECTION 7. IC 27-1-3.5-3.3 IS ADDED TO THE INDIANA  
 29 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 30 [EFFECTIVE JULY 1, 2015]: **Sec. 3.3. As used in this chapter,**  
 31 **"internal control over financial reporting" means a process**  
 32 **effected by a domestic insurer's board of directors, management,**  
 33 **or other personnel that is designed to provide reasonable assurance**  
 34 **regarding the reliability of financial statements of the domestic**  
 35 **insurer, including the following:**

- 36 (1) **The items specified in section 7(c)(2) through section**  
 37 **7(c)(6) and section 7(d) of this chapter.**  
 38 (2) **Policies and procedures that do the following:**  
 39 (A) **Pertain to the maintenance of records that, in**  
 40 **reasonable detail, accurately and fairly reflect transactions**  
 41 **and deposit of assets.**  
 42 (B) **Provide reasonable assurance that:**



1 (i) transactions are recorded as necessary to permit  
2 preparation of the financial statements; and

3 (ii) receipts and expenditures are made only in  
4 accordance with the authorization of management and  
5 the board of directors.

6 (C) Provide reasonable assurance regarding prevention or  
7 timely detection of unauthorized acquisition, use, or  
8 disposition of assets that may have a material effect on the  
9 financial statements.

10 SECTION 8. IC 27-1-3.5-3.4 IS ADDED TO THE INDIANA  
11 CODE AS A NEW SECTION TO READ AS FOLLOWS  
12 [EFFECTIVE JULY 1, 2015]: **Sec. 3.4. As used in this chapter,**  
13 **"Section 404" refers to Section 404 of the federal Sarbanes-Oxley**  
14 **Act of 2002 (Public Law 107-204).**

15 SECTION 9. IC 27-1-3.5-3.5 IS REPEALED [EFFECTIVE JULY  
16 1, 2015]. ~~Sec. 3.5. As used in this chapter, "significant deficiency"~~  
17 ~~means a reportable condition described in the Professional Standards~~  
18 ~~of the American Institute of Certified Public Accountants.~~

19 SECTION 10. IC 27-1-3.5-3.6 IS ADDED TO THE INDIANA  
20 CODE AS A NEW SECTION TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2015]: **Sec. 3.6. As used in this chapter,**  
22 **"Section 404 report" means a domestic insurer's or group of**  
23 **insurers' management's report on internal control over financial**  
24 **reporting (as defined by the federal Securities and Exchange**  
25 **Commission) and the related attestation report of an independent**  
26 **auditor.**

27 SECTION 11. IC 27-1-3.5-3.7 IS ADDED TO THE INDIANA  
28 CODE AS A NEW SECTION TO READ AS FOLLOWS  
29 [EFFECTIVE JULY 1, 2015]: **Sec. 3.7. As used in this chapter,**  
30 **"SOX compliant entity" means an entity that is required to be**  
31 **compliant, or is voluntarily compliant, with all of the following**  
32 **provisions of the federal Sarbanes-Oxley Act of 2002 (Public Law**  
33 **107-204):**

34 (1) **The preapproval requirements of Section 201.**

35 (2) **The audit committee independence requirements of**  
36 **Section 301.**

37 (3) **The internal control over financial reporting requirements**  
38 **of Section 404.**

39 SECTION 12. IC 27-1-3.5-5 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 2015]: **Sec. 5. (a) Except as**  
41 **provided in subsections (b) and (c), this chapter applies to all domestic**  
42 **insurers.**



1 (b) A domestic insurer that has:

2 (1) direct written premiums of less than one million dollars  
3 (\$1,000,000) in any calendar year; ~~and~~

4 (2) less than one thousand (1,000) policyholders or certificate  
5 holders of directly written policies nationwide at the end of a  
6 calendar year; **and**

7 **(3) assumed premiums under contracts or treaties of**  
8 **reinsurance of less than one million dollars (\$1,000,000);**

9 is exempt from this chapter with respect to that year. However, the  
10 commissioner may require compliance with this chapter upon a finding  
11 that compliance with this chapter is necessary for the commissioner to  
12 carry out a statutory responsibility.

13 (c) A foreign or an alien insurer that files an audited financial report  
14 in another state or country pursuant to that state's or country's  
15 requirement for audited financial reports is exempt, with respect to the  
16 year of that audited financial report, from the requirement to file an  
17 audited financial report with the commissioner under this chapter, if:

18 (1) the commissioner has found the other state's or country's  
19 requirement for audited financial reports to be substantially  
20 similar to the requirements of this chapter;

21 (2) copies of the audited financial report, ~~the report on significant~~  
22 ~~deficiencies in internal controls, a communication of internal~~  
23 **control related matters noted in an audit**, and the accountant's  
24 letter of qualifications filed with the other state or country are  
25 filed with the commissioner in accordance with the filing ~~dates~~  
26 **requirements** set forth in sections **6, 8, and 12 and 12.5** of this  
27 chapter; and

28 (3) a copy of a notification of an adverse financial condition  
29 report that is filed with the other state is filed with the  
30 commissioner within the time specified in section 11 of this  
31 chapter.

32 This subsection does not prevent the commissioner from ordering,  
33 conducting, or performing examinations of foreign or alien insurers  
34 under the rules, regulations, and practices of the department.

35 SECTION 13. IC 27-1-3.5-7 IS AMENDED TO READ AS  
36 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. (a) The annual  
37 audited financial report filed by a domestic insurer under this chapter  
38 shall report:

39 (1) the financial position of the domestic insurer as of the end of  
40 the most recently ended calendar year; and

41 (2) the results of the domestic insurer's operations, cash flow, and  
42 changes in capital and surplus for that year;



1 in conformity with statutory accounting practices prescribed, or  
2 otherwise permitted, by the department of insurance.

3 (b) The financial statements included in the annual audited financial  
4 report filed by a domestic insurer under this chapter shall be examined  
5 by an independent auditor. The independent auditor shall conduct its  
6 examination of the domestic insurer's financial statements in  
7 accordance with generally accepted auditing standards, and shall  
8 consider such other procedures illustrated in the Financial Condition  
9 Examiner's Handbook published by the National Association of  
10 Insurance Commissioners as the independent auditor considers  
11 necessary.

12 (c) An annual audited financial report filed by a domestic insurer  
13 under this chapter must include the following:

- 14 (1) The report of the insurer's independent auditor.  
15 (2) A balance sheet reporting admitted assets, liabilities, capital,  
16 and surplus.  
17 (3) A statement of operations.  
18 (4) A statement of cash flow.  
19 (5) A statement of changes in capital and surplus.  
20 (6) Notes to financial statements. The notes must be those  
21 required by the National Association of Insurance Commissioners'  
22 annual statement instructions and any other notes required by  
23 statutory accounting practices, which must include the following:  
24 (A) a reconciliation of differences, if any, between the  
25 financial statements included in the audited financial report  
26 and the annual statement filed by the insurer under  
27 IC 27-1-20-21, including a written description of the nature of  
28 these differences.  
29 (B) ~~A summary of the ownership and relationships of the~~  
30 ~~domestic insurer and all affiliated companies.~~

31 (d) The financial statements included in a domestic insurer's audited  
32 financial report shall be prepared in the same form, and using language  
33 and groupings substantially the same, as the relevant sections of the  
34 annual statement of the insurer filed with the commissioner under  
35 IC 27-1-20-21.

36 (e) The financial statements included in a domestic insurer's audited  
37 financial report must be comparative, presenting the amounts as of  
38 December 31 of the year of the report and comparative amounts as of  
39 the immediately preceding December 31. However, in the first year in  
40 which an insurer is required to file an audited financial report under  
41 this chapter, the comparative data may be omitted.

42 SECTION 14. IC 27-1-3.5-9, AS AMENDED BY P.L.11-2011,





1 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2015]: Sec. 9. (a) For the purposes of this chapter, the  
3 commissioner may not recognize as an independent auditor any  
4 individual or firm that is not:

5 (1) a certified public accountant (if an individual) or made up of  
6 certified public accountants (if a firm); or

7 (2) in good standing with:

8 (A) the American Institute of Certified Public Accountants;  
9 and

10 (B) all of the authorities that license certified public  
11 accountants and certified public accounting firms in the states  
12 in which the individual or firm is licensed to practice.

13 (b) A partner or other individual responsible for rendering a report  
14 may not act in that capacity for more than five (5) consecutive years.  
15 An individual who has been responsible for rendering a report for five  
16 (5) years is disqualified from acting in that or a similar capacity for the  
17 same company or its insurance subsidiaries or affiliates for five (5)  
18 years. A domestic insurer may apply to the commissioner and request  
19 to be exempted from the five (5) year rotation requirement on the basis  
20 of unusual circumstances. The commissioner may consider the  
21 following factors in determining if relief should be granted:

22 (1) The number of partners, expertise of the partners, or number  
23 of insurance clients in the currently registered firm.

24 (2) The premium volume of the domestic insurer.

25 (3) The number of jurisdictions in which the domestic insurer  
26 transacts business.

27 (c) The commissioner may not recognize as an independent auditor  
28 or accept an annual audited financial report prepared in whole or part  
29 by a person who:

30 (1) has been convicted of fraud, bribery, a violation of the  
31 Racketeer Influenced and Corrupt Organizations Act under  
32 federal law (18 U.S.C. 1961 through 1968) or state law  
33 (IC 35-45-6) or any dishonest conduct or practices under federal  
34 or state law;

35 (2) has been found to have violated the insurance law of this state  
36 with respect to any previous reports submitted under this chapter;  
37 or

38 (3) has demonstrated a pattern or practice of failing to detect or  
39 disclose material information in previous reports filed under this  
40 chapter.

41 **(d) The commissioner shall not recognize as a qualified**  
42 **independent certified public accountant, or accept an annual**



1 audited financial report prepared in whole or in part by an  
 2 accountant that provides to a domestic insurer, contemporaneously  
 3 with the audit, any of the following nonaudit services:

4 (1) Bookkeeping or other services related to the accounting  
 5 records or financial statements of the domestic insurer.

6 (2) Financial information systems design or implementation.

7 (3) Appraisal or valuation services, fairness opinions, or  
 8 contribution-in-kind reports.

9 (4) Actuarially oriented advisory services involving the  
 10 determination of amounts recorded in the financial  
 11 statements. This does not include the following:

12 (A) The accountant assisting the domestic insurer to  
 13 understand the methods, assumptions, and inputs used in  
 14 the determination of amounts recorded in the financial  
 15 statement if it is reasonable to conclude that the assistance  
 16 provided is not subject to audit procedures during an audit  
 17 of the domestic insurer's financial statements.

18 (B) An accountant's actuary issuing an actuarial opinion or  
 19 certification concerning the domestic insurer's reserves if  
 20 the following apply:

21 (i) The accountant and the accountant's actuary have not  
 22 performed any management functions or made any  
 23 management decisions.

24 (ii) The domestic insurer has competent personnel, or  
 25 engages a third party actuary, to estimate the reserves  
 26 for which management takes responsibility.

27 (iii) The accountant's actuary tests the reasonableness of  
 28 the reserves after the domestic insurer's management  
 29 has determined the amount of the reserves.

30 (5) Internal audit outsourcing services.

31 (6) Management or human resources functions.

32 (7) Broker, dealer, investment adviser, or investment banking  
 33 services.

34 (8) Legal services or expert services unrelated to the audit.

35 (9) Any other services that the commissioner determines to be  
 36 impermissible in rules adopted under IC 4-22-2.

37 (e) In making a determination under subsection (d), the  
 38 commissioner shall generally consider whether the accountant's  
 39 independence has been impaired by any of the following, in which  
 40 case the commissioner shall not recognize the accountant or accept  
 41 the annual audited financial report from the accountant:

42 (1) Functioning in the role of management for the domestic



1 insurer.

2 **(2) Auditing the accountant's own work.**

3 **(3) Serving as an advocate for the domestic insurer.**

4 ~~(d)~~ **(f)** The commissioner may conduct a hearing under IC 4-21.5 to  
5 determine whether an independent auditor engaged by a domestic  
6 insurer is sufficiently independent of that domestic insurer to be  
7 capable of exercising independent judgment and expressing an  
8 objective opinion on the financial statements in the annual financial  
9 report filed by the insurer under this chapter. If the commissioner  
10 determines that the auditor is not sufficiently independent of the  
11 insurer, the commissioner shall require the insurer to replace the  
12 auditor with another that is sufficiently independent of the insurer.

13 SECTION 15. IC 27-1-3.5-12 IS AMENDED TO READ AS  
14 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 12. (a) A domestic  
15 insurer required by this chapter to file an **annual** audited financial  
16 report with the commissioner shall also furnish the commissioner with

17 ~~(1) a written report (or a letter on reportable conditions)~~  
18 **communication** describing the significant deficiencies any  
19 **unremediated material weaknesses (as defined by the NAIC**  
20 **Statement on Auditing Standard 60, Communication of**  
21 **Internal Control Related Matters Noted in an Audit)** in the  
22 **domestic** insurer's internal control structure; ~~if internal control~~  
23 ~~deficiencies were over financial reporting as of the December~~  
24 **31 immediately preceding the audit (coinciding with the**  
25 **domestic insurer's annual audited financial report),** noted by  
26 the domestic insurer's independent auditor in connection with its  
27 **during the audit. and**

28 ~~(2) a written discussion of any remedial action taken or proposed~~  
29 ~~in connection with the written report. If no unremediated~~  
30 **material weaknesses are noted during the audit, the**  
31 **communication must reflect that fact.**

32 (b) The written ~~report communication and written discussion~~  
33 required under subsection (a) must be ~~filed~~ **prepared** not later than  
34 sixty (60) days after the filing of the annual audited financial  
35 ~~statements. report.~~

36 **(c) If a description of remedial actions taken or proposed to**  
37 **correct unremediated material weaknesses described under**  
38 **subsection (a) is not provided by the independent auditor, the**  
39 **domestic insurer shall provide a description of the remedial**  
40 **actions.**

41 SECTION 16. IC 27-1-3.5-12.1 IS ADDED TO THE INDIANA  
42 CODE AS A NEW SECTION TO READ AS FOLLOWS

EH 1341—LS 7048/DI 97



1 [EFFECTIVE JULY 1, 2015]: Sec. 12.1. (a) As used in this section,  
 2 "independent", with respect to a member of an audit committee,  
 3 means that the member, other than in the member's capacity as a  
 4 member of the audit committee, the board of directors, or another  
 5 board committee:

6 (1) does not accept a consulting fee, an advisory fee, or  
 7 another compensatory fee from the domestic insurer or group  
 8 of insurers; and

9 (2) is not an affiliate of the domestic insurer or group of  
 10 insurers.

11 (b) This section does not apply to any of the following:

12 (1) A foreign insurer or an alien insurer that possesses a  
 13 certificate of authority.

14 (2) A domestic insurer that is a SOX compliant entity.

15 (3) A wholly-owned subsidiary of a SOX compliant entity.

16 (c) The audit committee of a domestic insurer or group of  
 17 insurers is directly responsible for the:

18 (1) appointment;

19 (2) compensation; and

20 (3) oversight of the work;

21 of the domestic insurer's or group of insurers' accountant,  
 22 including resolution of disagreements between management and  
 23 the accountant concerning financial reporting, for the purpose of  
 24 preparing or issuing an annual audited financial report or related  
 25 work under this chapter. Each accountant reports directly to the  
 26 audit committee.

27 (d) The audit committee of a domestic insurer or group of  
 28 insurers is responsible for:

29 (1) oversight of the domestic insurer's or group of insurers'  
 30 internal audit function; and

31 (2) granting the person that performs the internal audit  
 32 function suitable authority and resources to fulfill the  
 33 person's responsibilities if required by section 12.3 of this  
 34 chapter.

35 (e) The following apply to the membership of an audit  
 36 committee:

37 (1) Each member shall be:

38 (A) a member of the board of directors of the domestic  
 39 insurer; or

40 (B) if the audit committee of the entity that controls a  
 41 group of insurers serves as the audit committee of the  
 42 domestic insurer or group of insurers, a member of the



- 1           **audit committee of the entity that controls the group of**  
 2           **insurers.**
- 3           **(2) The percentage of independent members must meet the**  
 4           **following minimum requirements:**
- 5           **(A) If the domestic insurer had direct written and assumed**  
 6           **premiums during the immediately preceding calendar year**  
 7           **of less than three hundred million dollars (\$300,000,000),**  
 8           **no minimum requirement applies.**
- 9           **(B) If the domestic insurer had direct written and assumed**  
 10           **premiums during the immediately preceding calendar year**  
 11           **of at least three hundred million dollars (\$300,000,000) and**  
 12           **less than five hundred million dollars (\$500,000,000), at**  
 13           **least fifty percent (50%) of the members must be**  
 14           **independent members.**
- 15           **(C) If the domestic insurer had direct written and assumed**  
 16           **premiums during the immediately preceding calendar year**  
 17           **of at least five hundred million dollars (\$500,000,000), at**  
 18           **least seventy-five percent (75%) of the members must be**  
 19           **independent members.**
- 20           **(f) If:**
- 21           **(1) state or federal law requires that a board of directors of a**  
 22           **domestic insurer or group of insurers include otherwise**  
 23           **nonindependent members; and**
- 24           **(2) an otherwise nonindependent member is not an officer or**  
 25           **employee of the domestic insurer, group of insurers, or an**  
 26           **affiliate of the domestic insurer or group of insurers;**
- 27           **the nonindependent member may serve as a member of an audit**  
 28           **committee and be considered to be independent for audit**  
 29           **committee purposes.**
- 30           **(g) If:**
- 31           **(1) a member of an audit committee of a domestic insurer**  
 32           **ceases to be independent for reasons beyond the member's**  
 33           **reasonable control; and**
- 34           **(2) the domestic insurer notifies the department of the**  
 35           **cessation of independence;**
- 36           **the member may continue to serve as an audit committee member**  
 37           **until the next annual meeting of the domestic insurer or one (1)**  
 38           **year after the date on which the member's independence ceased,**  
 39           **whichever occurs first.**
- 40           **(h) The ultimate controlling person of a domestic insurer may**  
 41           **designate the audit committee of the domestic insurer by providing**  
 42           **written notice to each commissioner responsible for regulation of**



1 each affected insurer. The written notice must:

- 2 (1) be timely provided before the issuance of the annual  
3 audited financial report; and  
4 (2) include a description of the basis for the designation.

5 (i) A designation:

- 6 (1) under subsection (h) may be changed with written notice  
7 from the domestic insurer to the commissioner, including a  
8 description of the basis for the designation; and  
9 (2) under subsection (h) or this subsection remains in effect  
10 unless rescinded or changed.

11 (j) A domestic insurer's audit committee shall require the  
12 accountant that performs an audit required by this chapter to  
13 report to the audit committee in accordance with the requirements  
14 of AICPA Statements on Auditing Standards (SAS) 61,  
15 Communication with Audit Committees, or its replacement,  
16 including the following:

17 (1) All significant accounting policies and material permitted  
18 practices.

19 (2) All:

20 (A) material alternative treatments of financial  
21 information within statutory accounting principles that  
22 have been discussed with management officials of the  
23 domestic insurer; and

24 (B) ramifications of the use of the alternative disclosures  
25 and treatments.

26 (3) The treatment described in subdivision (2) that is  
27 preferred by the accountant.

28 (4) Any other material written communication between the  
29 accountant and the management of the domestic insurer,  
30 including any management letter or schedule of unadjusted  
31 differences.

32 (k) If:

33 (1) a domestic insurer is a member of an insurance holding  
34 company system; and

35 (2) any substantial differences among insurers in the  
36 insurance holding company system are identified to the audit  
37 committee;

38 the reports required by subsection (j) may be provided to the audit  
39 committee on an aggregate basis for insurers in the holding  
40 company system.

41 (l) If a domestic insurer has direct written and assumed  
42 premiums (excluding premiums reinsured with the Federal Crop



1 Insurance Corporation and Federal Flood Program) of less than  
 2 five hundred million dollars (\$500,000,000), the domestic insurer  
 3 may apply to the commissioner for a waiver from the audit  
 4 committee requirements of this section based on hardship.

5 (m) A domestic insurer that receives a waiver under subsection  
 6 (l) shall file the waiver, with the domestic insurer's annual  
 7 statement filing, with the:

8 (1) commissioners of insurance in the states in which the  
 9 domestic insurer is licensed or doing insurance business; and

10 (2) National Association of Insurance Commissioners.

11 If another state has access to electronic filing with the National  
 12 Association of Insurance Commissioners, the domestic insurer  
 13 shall file the waiver with the other state electronically in  
 14 accordance with National Association of Insurance Commissioners  
 15 electronic filing specifications.

16 SECTION 17. IC 27-1-3.5-12.3 IS ADDED TO THE INDIANA  
 17 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 18 [EFFECTIVE JANUARY 1, 2016]: Sec. 12.3. (a) This section does  
 19 not apply to a domestic insurer that meets one (1) of the following  
 20 requirements:

21 (1) The domestic insurer has annual direct written and  
 22 unaffiliated assumed premiums (including international direct  
 23 and assumed premiums and excluding premiums reinsured  
 24 with the Federal Crop Insurance Corporation and Federal  
 25 Flood Program) of less than five hundred million dollars  
 26 (\$500,000,000).

27 (2) The domestic insurer is a member of a group of insurers  
 28 that has annual direct written and unaffiliated assumed  
 29 premiums (including international direct and assumed  
 30 premiums and excluding premiums reinsured with the  
 31 Federal Crop Insurance Corporation and Federal Flood  
 32 Program) of less than one billion dollars (\$1,000,000,000).

33 A domestic insurer or group of insurers described in this  
 34 subsection shall comply with the requirements of this section not  
 35 later than one (1) year after the year in which the domestic  
 36 insurer's or group's annual direct written and unaffiliated assumed  
 37 premiums described in subdivisions (1) and (2) exceed the  
 38 applicable maximum amount specified in subdivision (1) or (2).

39 (b) A domestic insurer shall establish an internal audit function  
 40 to:

41 (1) provide independent, objective, and reasonable assurance  
 42 to the domestic insurer's audit committee and management



- 1           concerning the domestic insurer's governance, risk
- 2           management, and internal controls;
- 3           (2) perform general and specific audits, reviews, and tests;
- 4           and
- 5           (3) use other techniques considered necessary to protect
- 6           assets, evaluate control effectiveness and efficiency, and
- 7           evaluate compliance with policies and regulations.
- 8           (c) An internal audit function established under subsection (b)
- 9           must be organizationally independent, as follows:
- 10           (1) Ultimate judgment concerning audit matters must be
- 11           made by the department responsible for the internal audit
- 12           function.
- 13           (2) The department responsible for the internal audit function
- 14           shall appoint an individual:
- 15                (A) to be responsible for the internal audit function; and
- 16                (B) to have direct and unrestricted access to the board of
- 17                directors of the domestic insurer.
- 18           The internal audit function's organizational independence does not
- 19           preclude dual reporting relationships.
- 20           (d) The director of the internal audit function shall report to the
- 21           audit committee of a domestic insurer on a regular basis, at least
- 22           annually, concerning the following:
- 23                (1) The internal audit function's periodic audit plan.
- 24                (2) Factors that may adversely affect the internal audit
- 25                function's independence or effectiveness.
- 26                (3) Material findings from completed audits.
- 27                (4) The appropriateness of corrective actions implemented by
- 28                management as a result of audit findings.
- 29           (e) If a domestic insurer is a member of an insurance holding
- 30           company system or a member of a group of insurers, the domestic
- 31           insurer may satisfy the internal audit function requirements of this
- 32           section at the ultimate controlling person level, an intermediate
- 33           holding company level, or an individual legal entity level.
- 34           SECTION 18. IC 27-1-3.5-12.5 IS AMENDED TO READ AS
- 35           FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 12.5. ~~The independent~~
- 36           ~~auditor shall furnish the~~ (a) A domestic insurer ~~in connection with and~~
- 37           ~~for inclusion in the filing of the~~ that is required to file an annual
- 38           audited financial report a letter stating the following:
- 39                (†) That the independent auditor is independent with respect to
- 40                the insurer and conforms to the standards of the independent
- 41                auditor's profession as contained in the Code of Professional
- 42                Ethics and Pronouncements of the American Institute of Certified





1 Public Accountants and the rules of Professional Conduct of the  
2 Indiana State Board of Accountancy.

3 (2) The:

4 (A) general background and experience; and

5 (B) experience in audits of insurers;

6 of the staff assigned to the audit. The letter must also state  
7 whether each member of the staff is a certified public accountant.  
8 This subdivision does not prohibit the independent auditor from  
9 using the staff considered appropriate where such use is  
10 consistent with the standards prescribed by generally accepted  
11 auditing standards.

12 (3) That the independent auditor understands that the  
13 commissioner will be relying on the independent auditor's annual  
14 audited financial report and the independent auditor's opinion in  
15 the report for the monitoring and regulation of the financial  
16 positions of the insurers.

17 (4) That the independent auditor consents to the requirements of  
18 section 13 of this chapter and agrees to make available for review  
19 by the commissioner, the commissioner's designee, or the  
20 commissioner's appointed agent, any of the independent auditor's  
21 work papers and significant communications.

22 (5) That the independent auditor is properly licensed by an  
23 appropriate state licensing authority and is a member in good  
24 standing in the American Institute of Certified Public  
25 Accountants.

26 (6) That the independent auditor is in compliance with the  
27 requirements of section 9 of **under** this chapter **that has annual**  
28 **direct written and assumed premiums (excluding premiums**  
29 **reinsured with the Federal Crop Insurance Corporation and**  
30 **Federal Flood Program) of at least five hundred million**  
31 **dollars (\$500,000,000) shall prepare a report of the domestic**  
32 **insurer's or group of insurers' management's internal control**  
33 **over financial reporting as of the immediately preceding**  
34 **December 31. The report shall be filed with the commissioner**  
35 **along with the communication of internal control related**  
36 **matters noted in an audit.**

37 (b) The commissioner may require a domestic insurer that is:

38 (1) not described in subsection (a); and

39 (2) in a RBC level event described in IC 27-1-36 or considered  
40 by the commissioner to be in hazardous financial condition (as  
41 defined in rules adopted under IC 27-1-3-7);

42 to file a report of management's internal control over financial



1 reporting.

2 (c) If:

3 (1) a domestic insurer or group of insurers is:

4 (A) directly subject to Section 404;

5 (B) part of an insurance holding company system whose  
6 parent is directly subject to Section 404;

7 (C) not directly subject to Section 404, but is a SOX  
8 compliant entity; or

9 (D) part of an insurance holding company system whose  
10 parent is not directly subject to Section 404, but is a SOX  
11 compliant entity; and

12 (2) the domestic insurer's or group of insurers' internal  
13 controls over financial reporting that have a material impact  
14 on the preparation of the domestic insurer's or group of  
15 insurers' annual audited financial statements are included in  
16 the Section 404 report;

17 the domestic insurer or group of insurers may satisfy the  
18 requirement of this section to file a report of management's  
19 internal control over financial reporting by including with the  
20 domestic insurer's or group of insurers' Section 404 report an  
21 addendum described in subsection (d).

22 (d) An addendum described in subsection (c) must be a positive  
23 statement by the domestic insurer's or group of insurers'  
24 management that no internal controls over financial reporting that  
25 have a material impact on the preparation of the domestic  
26 insurer's or group of insurers' annual audited financial statements  
27 exist, other than the internal controls that are included in the  
28 Section 404 report.

29 (e) If:

30 (1) a domestic insurer or group of insurers is described in  
31 subsection (c)(1); and

32 (2) the domestic insurer's or group of insurers' internal  
33 controls over financial reporting that have a material impact  
34 on the preparation of the domestic insurer's or group of  
35 insurers' annual audited financial statements are not all  
36 included in the Section 404 report;

37 the domestic insurer or group of insurers shall file a report of  
38 management's internal control over financial reporting as required  
39 by this section for the internal controls that have a material impact  
40 and are not included in the Section 404 report.

41 (f) A domestic insurer's or group of insurers' report of  
42 management's internal control over financial reporting required



- 1 by this section must include the following:
- 2 (1) A statement that management is responsible for
- 3 establishment and maintenance of adequate internal control
- 4 over financial reporting.
- 5 (2) A statement that management has established internal
- 6 control over financial reporting and an assertion of whether,
- 7 to the best of management's knowledge and belief after
- 8 diligent inquiry, management's internal control over financial
- 9 reporting is effective to provide reasonable assurance
- 10 regarding the reliability of financial statements in accordance
- 11 with statutory accounting principles.
- 12 (3) A statement that briefly describes the approach or
- 13 processes by which management evaluated the effectiveness
- 14 of management's internal control over financial reporting.
- 15 (4) A statement that briefly describes the scope of work that
- 16 is included in the report and whether any of management's
- 17 internal controls over financial reporting were excluded.
- 18 (5) Disclosure of any unremediated material weaknesses in the
- 19 management's internal control over financial reporting
- 20 identified by management as of the immediately preceding
- 21 December 31. The management may not conclude that the
- 22 internal control over financial reporting is effective to provide
- 23 reasonable assurance regarding the reliability of annual
- 24 audited financial statements in accordance with statutory
- 25 accounting principles if one (1) or more unremediated
- 26 material weaknesses exist in the management's internal
- 27 control over financial reporting.
- 28 (6) A statement regarding the inherent limitations of the
- 29 management's internal control over financial reporting.
- 30 (7) Signatures of the chief executive officer and the chief
- 31 financial officer, or equivalent position, of the domestic
- 32 insurer or group of insurers.
- 33 (g) A domestic insurer's or group of insurers' management shall
- 34 document and make available upon financial condition
- 35 examination the basis on which the management's assertions
- 36 described in subsection (f) are made. The management's assertions
- 37 may be based, in part, upon the management's review, monitoring,
- 38 and testing of internal controls over financial reporting that are
- 39 undertaken in the normal course of the management's activities.
- 40 The management may determine the nature of the internal control
- 41 framework used and the nature and extent of documentation to
- 42 make the management's assertion in a cost effective manner,



1 including assembly of or reference to existing documentation.

2 (h) A report of management's internal control over financial  
3 reporting required by this section, and any supporting  
4 documentation provided during the course of a financial condition  
5 examination, is confidential.

6 SECTION 19. IC 27-1-4.1 IS ADDED TO THE INDIANA CODE  
7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2015]:

9 **Chapter 4.1. Corporate Governance Annual Disclosure**

10 **Sec. 1. (a) This chapter applies beginning January 1, 2016.**

11 **(b) This chapter does not do the following:**

12 (1) Impose corporate governance standards or internal  
13 procedures that are not otherwise required under IC 27.

14 (2) Limit the commissioner's authority, or the rights and  
15 obligations of third parties, under IC 27-1-3.1.

16 **Sec. 2. As used in this chapter, "corporate governance annual  
17 disclosure" or "CGAD" means a confidential report filed by an  
18 insurer or insurance group under this chapter.**

19 **Sec. 3. As used in this chapter, "insurance group" means  
20 insurers and affiliates of an insurance holding company system (as  
21 defined in IC 27-1-23-1).**

22 **Sec. 4. As used in this chapter, "insurer" has the same meaning  
23 as set forth in IC 27-1-2-3, except that the term:**

24 (1) refers only to domestic insurers (as defined in  
25 IC 27-1-36-8); and

26 (2) does not include agencies, authorities, or instrumentalities  
27 of the United States, possessions and territories of the United  
28 States, the Commonwealth of Puerto Rico, the District of  
29 Columbia, or a state or political subdivision of a state.

30 **Sec. 5. As used in this chapter, "NAIC" refers to the National  
31 Association of Insurance Commissioners.**

32 **Sec. 6. (a) An insurer or insurance group of which the insurer  
33 is a member shall, not later than June 1 of each calendar year,  
34 submit:**

35 (1) to the commissioner; or

36 (2) if the insurer is a member of an insurance group, to the  
37 lead state commissioner of the insurance group (as  
38 determined by the procedures in the most recent Financial  
39 Analysis Handbook adopted by the NAIC) according to the  
40 law of the lead state;

41 **a CGAD.**

42 **(b) An insurer that is a member of an insurance group and not**



1 required to submit a CGAD to the commissioner under subsection  
 2 (a) shall submit a CGAD to the commissioner upon the  
 3 commissioner's request.

4 (c) A CGAD submitted under this section must include the  
 5 signature of the insurer's or insurance group's chief executive  
 6 officer or corporate secretary attesting that to the best of the chief  
 7 executive officer's or corporate secretary's knowledge the insurer  
 8 has:

- 9 (1) implemented corporate governance procedures; and  
 10 (2) provided a copy of the CGAD to the insurer's board of  
 11 directors or the appropriate committee of the board of  
 12 directors.

13 Sec. 7. (a) Subject to subsection (b), an insurer or insurance  
 14 group may complete a CGAD using corporate governance  
 15 information at the level of disclosure at which the insurer's or  
 16 insurance group's system of corporate governance is structured, as  
 17 follows:

- 18 (1) The ultimate controlling parent level.  
 19 (2) An intermediate holding company level.  
 20 (3) The individual legal entity level.

21 (b) An insurer or insurance group may, but is not required to,  
 22 choose the level of disclosure at which to complete a CGAD under  
 23 subsection (a) according to one (1) of the following criteria:

- 24 (1) The level at which the insurer's or insurance group's risk  
 25 tolerance is determined.  
 26 (2) The level at which the insurer's or insurance group's  
 27 earnings, capital, liquidity, operations, and reputation are:  
 28 (A) collectively overseen; and  
 29 (B) supervised.  
 30 (3) The level at which legal liability for failure of general  
 31 corporate governance would be placed.

32 (c) If the insurer or insurance group chooses the level of  
 33 disclosure at which to complete a CGAD under subsection (a)  
 34 according to a criterion described in subsection (b), the insurer or  
 35 insurance group shall:

- 36 (1) indicate which of the three (3) criteria was used to  
 37 determine the level of disclosure; and  
 38 (2) explain any change in the level of disclosure that is  
 39 subsequently used.

40 Sec. 8. If a CGAD is submitted by an insurer as a member of an  
 41 insurance group, the lead state commissioner of the insurance  
 42 group (as determined by the procedures in the most recent



1 **Financial Analysis Handbook adopted by the NAIC) shall:**

- 2 (1) review a CGAD submitted under section 6 of this chapter;  
 3 and  
 4 (2) make any requests for additional information.

5 **Sec. 9. If an insurer or insurance group:**

6 (1) submits, in other:

7 (A) documents submitted to the commissioner, including  
 8 proxy statements filed with registration statements  
 9 required by IC 27-1-23-3; or

10 (B) state or federal filings provided to the department;  
 11 information that is substantially similar to the information  
 12 required by this chapter; and

13 (2) cross references in the CGAD the document or filing that  
 14 contains the substantially similar information;

15 **the insurer or insurance group is not required to duplicate the**  
 16 **information in the CGAD.**

17 **Sec. 10. (a) If a CGAD contains the material information**  
 18 **necessary to allow the reviewing commissioner to understand the**  
 19 **insurer's or insurance group's corporate governance structure,**  
 20 **policies, and procedures, the insurer or insurance group may**  
 21 **determine whether to respond to a request from the reviewing**  
 22 **commissioner for additional information.**

23 **(b) If the reviewing commissioner considers additional**  
 24 **information to be material and necessary to provide a clear**  
 25 **understanding of an insurer's or insurance group's:**

26 (1) corporate governance structure, policies, and procedures;

27 (2) reporting or information system; or

28 (3) controls implementing subdivisions (1) and (2);

29 **the commissioner may request the additional information.**

30 **(c) A CGAD must be:**

31 (1) prepared in a manner consistent with the NAIC's  
 32 Corporate Governance Annual Disclosure Model Regulation;  
 33 and

34 (2) made available to the commissioner upon:

35 (A) examination under IC 27-1-3.1; or

36 (B) request of the commissioner.

37 **Sec. 11. (a) Documents, materials, and other information related**  
 38 **to a CGAD, including the CGAD, that are in the possession or**  
 39 **control of the department and obtained by, created by, or disclosed**  
 40 **to the commissioner or another person under this chapter, are:**

41 (1) considered to be proprietary and contain trade secrets;

42 (2) confidential and privileged;



- 1           **(3) not subject to subpoena; and**  
 2           **(4) not subject to discovery or admissible in evidence in a**  
 3           **private civil action.**  
 4           **(b) The commissioner may:**  
 5               **(1) use the documents, materials, and other information**  
 6               **described in subsection (a) in relation to a regulatory or legal**  
 7               **action brought as part of the commissioner's duties; and**  
 8               **(2) otherwise make the documents, materials, and other**  
 9               **information public only with the prior written consent of the**  
 10              **insurer.**  
 11           **(c) The commissioner, and any other person:**  
 12               **(1) who receives documents, materials, or other information**  
 13               **related to a CGAD while acting under the authority of the**  
 14               **commissioner; or**  
 15               **(2) with whom the documents, materials, or other information**  
 16               **are shared;**  
 17           **under this chapter is not permitted or required to testify in a**  
 18           **private civil action concerning any documents, materials, or other**  
 19           **information described in subsection (a).**  
 20           **(d) The commissioner may, in the performance of the**  
 21           **commissioner's duties, do the following:**  
 22               **(1) Upon request, share all documents, materials, and other**  
 23               **information described in subsection (a) with the following if**  
 24               **the recipient agrees in writing, and provides written**  
 25               **verification that the recipient has the legal authority, to**  
 26               **maintain the confidential and privileged status of the**  
 27               **documents, materials, and other information:**  
 28                   **(A) Other state, federal, and international financial**  
 29                   **regulatory agencies.**  
 30                   **(B) The NAIC.**  
 31                   **(C) Members of a supervisory college (as defined in**  
 32                   **IC 27-1-23-1).**  
 33                   **(D) A third party consultant under section 12 of this**  
 34                   **chapter.**  
 35               **(2) Receive all documents, materials, and other information**  
 36               **described in subsection (a) from:**  
 37                   **(A) other state, federal, and international financial**  
 38                   **regulatory agencies;**  
 39                   **(B) members of a supervisory college (as defined in**  
 40                   **IC 27-1-23-1); and**  
 41                   **(C) the NAIC;**  
 42               **if the commissioner maintains the confidential or privileged**



1 status of the documents, materials, and other information that  
 2 are received with notice or the understanding that the  
 3 documents, materials, and other information are confidential  
 4 or privileged under the laws of the jurisdiction that is the  
 5 source of the documents, materials, and other information.

6 (e) The sharing of information by the commissioner under this  
 7 chapter is not a delegation of regulatory authority. The  
 8 commissioner is solely responsible for the administration,  
 9 implementation, and enforcement of this chapter.

10 (f) Disclosure to or sharing by the commissioner of documents,  
 11 materials, or other information under this chapter is not a waiver  
 12 of any applicable privilege or claim of confidentiality in the  
 13 documents, materials, or other information.

14 Sec. 12. (a) The commissioner may, at the insurer's expense,  
 15 retain third party consultants, including attorneys, actuaries,  
 16 accountants, and others who are not part of the commissioner's  
 17 staff, that:

18 (1) the commissioner considers necessary to review a CGAD,  
 19 related information, or the insurer's or insurance group's  
 20 compliance with this chapter; and

21 (2) have verified, with notice to the insurer, that the third  
 22 party consultant:

23 (A) has no conflict of interest affecting the commissioner's  
 24 retention of the third party consultant; and

25 (B) has internal procedures to:

26 (i) monitor whether a conflict of interest arises after the  
 27 third party consultant has been retained; and

28 (ii) comply with the confidentiality requirements of this  
 29 chapter.

30 (b) A third party consultant who is retained under subsection  
 31 (a) is under the direction and control of the commissioner and acts  
 32 only in an advisory capacity.

33 (c) The NAIC and a third party consultant who is retained  
 34 under subsection (a) are subject to the same confidentiality  
 35 requirements as the confidentiality requirements that apply to the  
 36 commissioner under this chapter. The NAIC may share  
 37 information received under this chapter only with state regulators  
 38 from states in which insurers that are members of an insurance  
 39 group are domiciled.

40 (d) The commissioner shall enter into a written agreement with  
 41 the NAIC or a third party consultant governing sharing and use of  
 42 information provided under this chapter, including the following:





- 1           **(1) Procedures and protocols concerning the confidentiality**  
 2           **and security of information shared:**  
 3               **(A) with the NAIC or third party consultant under this**  
 4               **chapter; and**  
 5               **(B) by the NAIC with regulators of other states in which**  
 6               **insurers that are members of an insurance group are**  
 7               **domiciled.**  
 8           **(2) A statement that the recipient:**  
 9               **(A) agrees in writing; and**  
 10              **(B) provides written verification that the recipient has the**  
 11              **legal authority;**  
 12           **to maintain the confidential and privileged status of the**  
 13           **documents, materials, and other information.**  
 14           **(3) A statement that, with respect to information shared with**  
 15           **the NAIC or third party consultant under this chapter:**  
 16               **(A) the commissioner maintains ownership of the**  
 17               **information; and**  
 18               **(B) the use of the information is subject to the direction of**  
 19               **the commissioner.**  
 20           **(4) A statement that the NAIC or third party consultant may**  
 21           **not store information shared under this chapter in a**  
 22           **permanent data base after the underlying analysis is**  
 23           **completed.**  
 24           **(5) A requirement that, if CGAD related information of an**  
 25           **insurer that is in the possession of the NAIC or third party**  
 26           **consultant under this chapter is subject to a request or**  
 27           **subpoena to the NAIC or third party consultant for**  
 28           **production or disclosure, the NAIC or third party consultant**  
 29           **will provide prompt notice to the commissioner and to the**  
 30           **insurer or insurance group.**  
 31           **(6) A requirement that the NAIC or third party consultant**  
 32           **will allow intervention by an insurer in a judicial or**  
 33           **administrative action under which the NAIC or third party**  
 34           **consultant may be required to disclose confidential**  
 35           **information concerning the insurer that has been shared with**  
 36           **the NAIC or third party consultant under this chapter.**  
 37           **(7) An express requirement that the written consent of the**  
 38           **insurer or insurance group is required before the NAIC or**  
 39           **third party consultant makes public any information shared**  
 40           **under this chapter.**  
 41           **Sec. 13. (a) An insurer that fails, without just cause (as**  
 42           **determined by the commissioner), to timely file a CGAD as**



1 required by this chapter shall, after notice and hearing under  
 2 IC 4-21.5, pay a civil penalty of one hundred dollars (\$100) for  
 3 each day of noncompliance, not to exceed ten thousand dollars  
 4 (\$10,000).

5 (b) The commissioner may reduce a penalty imposed under  
 6 subsection (a) if the insurer demonstrates to the commissioner that  
 7 the imposition of the penalty would constitute a financial hardship  
 8 to the insurer.

9 (c) A civil penalty collected under this section shall be deposited  
 10 in the department of insurance fund established by IC 27-1-3-28.

11 **Sec. 14. Notwithstanding IC 1-1-1-8, section 11 of this chapter**  
 12 **is not severable.**

13 **Sec. 15. The commissioner may adopt rules under IC 4-22-2 to**  
 14 **implement this chapter.**

15 SECTION 20. IC 27-1-6-8 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 8. The department is  
 17 hereby authorized, in its discretion, to approve or disapprove the  
 18 articles of incorporation of the proposed company. If the department  
 19 shall approve the articles of incorporation of the proposed company, ~~it~~  
 20 **the department** shall write or stamp, in an appropriate place on each  
 21 of said triplicate copies of such articles of incorporation, the:

22 (1) words "Approved by the department of insurance of the state  
 23 of Indiana"; ~~and the~~

24 (2) date of ~~such the~~ approval; ~~beneath which shall appear the~~

25 (3) impression of the seal of the department; ~~and the~~

26 (4) signature of the commissioner.

27 SECTION 21. IC 27-1-15.6-2, AS AMENDED BY P.L.276-2013,  
 28 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 2015]: Sec. 2. The following definitions apply throughout this  
 30 chapter, IC 27-1-15.7, and IC 27-1-15.8:

31 (1) "Bureau" refers to the child support bureau established by  
 32 IC 31-25-3-1.

33 (2) "Business entity" means a corporation, an association, a  
 34 partnership, a limited liability company, a limited liability  
 35 partnership, or another legal entity.

36 (3) "Commissioner" means the insurance commissioner appointed  
 37 under IC 27-1-1-2.

38 (4) "Consultant" means a person who:

39 (A) holds himself or herself out to the public as being engaged  
 40 in the business of offering; or

41 (B) for a fee, offers;

42 any advice, counsel, opinion, or service with respect to the



1 benefits, advantages, or disadvantages promised under any policy  
2 of insurance that could be issued in Indiana.

3 (5) "Delinquent" means the condition of being at least:

4 (A) two thousand dollars (\$2,000); or

5 (B) three (3) months;

6 past due in the payment of court ordered child support.

7 **(6) "Designated home state license" means a license issued by**  
8 **the commissioner to an insurance producer who:**

9 **(A) maintains the insurance producer's principal place of**  
10 **residence or principal place of business in a state that does**  
11 **not license insurance producers for the line of authority for**  
12 **which the insurance producer seeks licensure in Indiana;**  
13 **and**

14 **(B) is permitted by the commissioner to designate Indiana**  
15 **as the insurance producer's nonresident home state.**

16 ~~(6)~~ (7) "FINRA" refers to the independent Financial Industry  
17 Regulatory Authority.

18 ~~(7)~~ (8) "Home state" means the District of Columbia or any state  
19 or territory of the United States in which an insurance producer:

20 (A) maintains the insurance producer's principal place of  
21 residence or principal place of business; and

22 (B) is licensed to act as an insurance producer.

23 ~~(8)~~ (9) "Insurance producer" means a person required to be  
24 licensed under the laws of Indiana to sell, solicit, or negotiate  
25 insurance.

26 ~~(9)~~ (10) "License" means a document issued by the commissioner  
27 authorizing a person to act as an insurance producer for the lines  
28 of authority specified in the document. The license itself does not  
29 create any authority, actual, apparent, or inherent, in the holder to  
30 represent or commit an insurance carrier.

31 ~~(10)~~ (11) "Limited line credit insurance" includes the following:

32 (A) Credit life insurance.

33 (B) Credit disability insurance.

34 (C) Credit property insurance.

35 (D) Credit unemployment insurance.

36 (E) Involuntary unemployment insurance.

37 (F) Mortgage life insurance.

38 (G) Mortgage guaranty insurance.

39 (H) Mortgage disability insurance.

40 (I) Guaranteed automobile protection (gap) insurance.

41 (J) Any other form of insurance:

42 (i) that is offered in connection with an extension of credit



- 1 and is limited to partially or wholly extinguishing that credit  
 2 obligation; and  
 3 (ii) that the insurance commissioner determines should be  
 4 designated a form of limited line credit insurance.
- 5 ~~(11)~~ **(12)** "Limited line credit insurance producer" means a person  
 6 who sells, solicits, or negotiates one (1) or more forms of limited  
 7 line credit insurance coverage to individuals through a master,  
 8 corporate, group, or individual policy.
- 9 ~~(12)~~ **(13)** "Limited lines insurance" means any of the following:  
 10 (A) The lines of insurance defined in section 18 of this  
 11 chapter.  
 12 (B) Any line of insurance the recognition of which is  
 13 considered necessary by the commissioner for the purpose of  
 14 complying with section 8(e) of this chapter.  
 15 (C) For purposes of section 8(e) of this chapter, any form of  
 16 insurance with respect to which authority is granted by a home  
 17 state that restricts the authority granted by a limited lines  
 18 producer's license to less than total authority in the associated  
 19 major lines described in section 7(a)(1) through 7(a)(6) of this  
 20 chapter.
- 21 ~~(13)~~ **(14)** "Limited lines producer" means a person authorized by  
 22 the commissioner to sell, solicit, or negotiate limited lines  
 23 insurance.
- 24 ~~(14)~~ **(15)** "Limited lines travel insurance producer" means a  
 25 person designated by an insurer to sell, solicit, or negotiate a  
 26 travel insurance policy. The term includes the following:  
 27 (A) A managing general underwriter.  
 28 (B) A managing general agent.  
 29 (C) A limited lines producer.
- 30 ~~(15)~~ **(16)** "Negotiate" means the act of conferring directly with or  
 31 offering advice directly to a purchaser or prospective purchaser of  
 32 a particular contract of insurance concerning any of the  
 33 substantive benefits, terms, or conditions of the contract, provided  
 34 that the person engaged in that act either sells insurance or  
 35 obtains insurance from insurers for purchasers.
- 36 ~~(16)~~ **(17)** "Person" means an individual or a business entity.
- 37 ~~(17)~~ **(18)** "Sell" means to exchange a contract of insurance by any  
 38 means, for money or its equivalent, on behalf of a company.
- 39 ~~(18)~~ **(19)** "Solicit" means attempting to sell insurance or asking or  
 40 urging a person to apply for a particular kind of insurance from a  
 41 particular company.
- 42 ~~(19)~~ **(20)** "Surplus lines producer" means a person who sells,



1 solicits, negotiates, or procures from an insurance company not  
 2 licensed to transact business in Indiana an insurance policy that  
 3 cannot be procured from insurers licensed to do business in  
 4 Indiana.

5 ~~(20)~~ **(21)** "Terminate" means:

6 (A) the cancellation of the relationship between an insurance  
 7 producer and the insurer; or

8 (B) the termination of a producer's authority to transact  
 9 insurance.

10 ~~(21)~~ **(22)** "Travel insurance" means insurance coverage for  
 11 personal risks incident to planned travel, including the following:

12 (A) Interruption or cancellation of a trip or an event.

13 (B) Loss of baggage or personal effects.

14 (C) Damage to accommodations or rental vehicles.

15 (D) Sickness, accident, disability, or death that occurs during  
 16 travel.

17 The term does not include a major medical plan that provides  
 18 comprehensive medical insurance for a traveler on a trip that lasts  
 19 at least six (6) months, including a traveler who is an individual  
 20 who works overseas as an expatriot or is deployed as a member of  
 21 the military.

22 ~~(22)~~ **(23)** "Travel retailer" means a business entity that offers and  
 23 delivers travel insurance on behalf of and under the direction of  
 24 a limited lines travel insurance producer.

25 ~~(23)~~ **(24)** "Uniform business entity application" means the current  
 26 version of the national association of insurance commissioners  
 27 uniform business entity application for resident and nonresident  
 28 business entities.

29 ~~(24)~~ **(25)** "Uniform application" means the current version of the  
 30 national association of insurance commissioners uniform  
 31 application for resident and nonresident producer licensing.

32 SECTION 22. IC 27-1-15.6-8.2 IS ADDED TO THE INDIANA  
 33 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 34 [EFFECTIVE JULY 1, 2015]: **Sec. 8.2. (a) Unless denied licensure  
 35 under section 12 of this chapter, a person that is not a resident of  
 36 Indiana shall receive a designated home state license if:**

37 **(1) the person has requested licensure in Indiana for a line of  
 38 authority for which licensure is not required in the person's  
 39 home state;**

40 **(2) the person has submitted the proper request for licensure  
 41 and has paid the fees required under section 32 of this  
 42 chapter;**



1 (3) the person has submitted or transmitted to the  
2 commissioner a completed uniform application; and

3 (4) the person has complied with the prelicensing and  
4 continuing education requirements that apply to an insurance  
5 producer that:

6 (A) is a resident of Indiana; and

7 (B) applies for the line of authority described in  
8 subdivision (1).

9 (b) The commissioner may verify an insurance producer's  
10 licensing status through the Producer Database maintained by the  
11 National Association of Insurance Commissioners and its affiliates  
12 or subsidiaries.

13 (c) A person that holds a designated home state license and  
14 moves from one state to another state shall file a change of address  
15 with the department and provide certification from the new  
16 resident state not more than thirty (30) days after the change of  
17 legal residence. No fee or license application is required under this  
18 subsection.

19 (d) A person that:

20 (1) holds a designated home state license; and

21 (2) becomes a resident of a state that requires licensure for the  
22 line of authority for which the person holds the designated  
23 home state license;

24 shall become licensed for the line of authority in the new state of  
25 residence and notify the commissioner of the new licensure.

26 (e) Upon receiving notice of new licensure under subsection (d),  
27 the commissioner shall transfer the person's designated home state  
28 license to a nonresident producer license under section 8 of this  
29 chapter.

30 SECTION 23. IC 27-1-15.6-32, AS AMENDED BY P.L.234-2007,  
31 SECTION 190, IS AMENDED TO READ AS FOLLOWS  
32 [EFFECTIVE JULY 1, 2015]: Sec. 32. (a) The department shall adopt  
33 rules under IC 4-22-2 to set fees for licensure under this chapter,  
34 IC 27-1-15.7, and IC 27-1-15.8.

35 (b) Insurance producer and limited lines producer license renewal  
36 fees are due every two (2) years. The fee charged by the department  
37 every two (2) years for a:

38 (1) resident license is forty dollars (\$40); and

39 (2) nonresident license is ninety dollars (\$90); and

40 (3) designated home state license is ninety dollars (\$90).

41 (c) Consultant renewal fees are due every twenty-four (24) months.

42 (d) Surplus lines producer renewal fees are due every two (2) years.



- 1 The fee charged by the department every two (2) years for a:
- 2 (1) resident license is eighty dollars (\$80); and
- 3 (2) nonresident license is one hundred twenty dollars (\$120).
- 4 (e) The commissioner may issue a duplicate license for any license
- 5 issued under this chapter. The fee charged by the commissioner for the
- 6 issuance of a duplicate:
- 7 (1) insurance producer license;
- 8 (2) surplus lines producer license;
- 9 (3) limited lines producer license; or
- 10 (4) consultant license;
- 11 may not exceed ten dollars (\$10).
- 12 (f) A fee charged and collected under this section shall be deposited
- 13 into the department of insurance fund established by IC 27-1-3-28.
- 14 SECTION 24. IC 27-1-23-4, AS AMENDED BY P.L.81-2012,
- 15 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 16 JULY 1, 2015]: Sec. 4. (a) Material transactions within an insurance
- 17 holding company system to which an insurer subject to registration is
- 18 a party shall be subject to the following standards:
- 19 (1) The terms shall be fair and reasonable.
- 20 (2) Agreements concerning cost sharing services and management
- 21 must include provisions required by the commissioner in rules
- 22 adopted under IC 4-22-2.
- 23 (3) The charges or fees for services performed shall be
- 24 reasonable.
- 25 (4) The expenses incurred and payment received shall be
- 26 allocated to the insurer in conformity with customary insurance
- 27 accounting practices consistently applied.
- 28 (5) The books, accounts, and records of each party as to all
- 29 transactions described in this subsection shall be so maintained as
- 30 to clearly and accurately disclose the nature and details of the
- 31 transactions, including accounting information necessary to
- 32 support the reasonableness of the charges or fees to the respective
- 33 parties.
- 34 (6) The insurer's surplus as regards policyholders following any
- 35 transactions with affiliates or shareholder dividend shall be
- 36 reasonable in relation to the insurer's outstanding liabilities and
- 37 adequate to its financial needs.
- 38 (b) The following transactions involving a domestic insurer and any
- 39 person in its insurance holding company system (including
- 40 amendments or modifications to affiliate agreements previously filed
- 41 under this chapter) that are subject to any materiality standards
- 42 described in subdivisions (1) through ~~(5)~~ (7) may not be entered into



1 unless the insurer has notified the commissioner in writing of its  
 2 intention to enter into such transaction at least thirty (30) days prior  
 3 thereto, or such shorter period as the commissioner may permit, and the  
 4 commissioner has not disapproved it within that period:

5 (1) Sales, purchases, exchanges, loans or extensions of credit,  
 6 guarantees, or investments, provided those transactions are equal  
 7 to or exceed:

8 (A) with respect to nonlife insurers, the lesser of three percent  
 9 (3%) of the insurer's admitted assets or twenty-five percent  
 10 (25%) of surplus as regards policyholders; and

11 (B) with respect to life insurers, three percent (3%) of the  
 12 insurer's admitted assets;

13 each as of December 31 next preceding.

14 (2) Loans or extensions of credit to any person who is not an  
 15 affiliate, where the insurer makes those loans or extensions of  
 16 credit with the agreement or understanding that the proceeds of  
 17 such transactions, in whole or in substantial part, are to be used  
 18 to make loans or extensions of credit to, to purchase assets of, or  
 19 to make investments in, any affiliate of the insurer making such  
 20 loans or extensions of credit, provided those transactions are  
 21 equal to or exceed:

22 (A) with respect to nonlife insurers, the lesser of three percent  
 23 (3%) of the insurer's admitted assets or twenty-five percent  
 24 (25%) of surplus as regards policyholders; and

25 (B) with respect to life insurers, three percent (3%) of the  
 26 insurer's admitted assets;

27 each as of December 31 next preceding.

28 (3) Reinsurance agreements or modifications thereto, including:

29 (A) reinsurance pooling agreements; and

30 (B) agreements under which:

31 (i) a reinsurance premium;

32 (ii) a change in the insurer's liabilities; or

33 (iii) the projected reinsurance premium;

34 in any of the immediately succeeding three (3) years equals or  
 35 exceeds five percent (5%) of the insurer's surplus as regards  
 36 policyholders, as of December 31 next preceding, including  
 37 those agreements that may require as consideration the transfer  
 38 of assets from an insurer to a nonaffiliate, if an agreement or  
 39 understanding exists between the insurer and nonaffiliate that  
 40 any portion of the assets will be transferred to one (1) or more  
 41 affiliates of the insurer.

42 (4) Management agreements, service contracts, cost-sharing





- 1 arrangements, lease agreements, and tax allocation agreements.
- 2 **(5) Guarantees made by the insurer, only as follows:**
- 3 **(A) A guarantee, the amount of which is not quantifiable.**
- 4 **(B) A guarantee, the amount of which is quantifiable, if the**
- 5 **amount of the guarantee exceeds the lesser of:**
- 6 **(i) one-half of one percent (0.5%) of the insurer's**
- 7 **admitted assets; or**
- 8 **(ii) ten percent (10%) of surplus as regards**
- 9 **policyholders;**
- 10 **on December 31 of the immediately preceding calendar**
- 11 **year.**
- 12 **(6) Direct or indirect acquisitions or investments, as follows:**
- 13 **(A) In:**
- 14 **(i) a person that controls the insurer; or**
- 15 **(ii) an affiliate of the insurer in an amount that, together**
- 16 **with the insurer's present holdings in the investments,**
- 17 **exceeds two and one-half percent (2.5%) of the insurer's**
- 18 **surplus to policyholders.**
- 19 **(B) This subdivision does not apply to direct or indirect**
- 20 **acquisitions or investments in:**
- 21 **(i) subsidiaries acquired under section 2.6 of this**
- 22 **chapter; or**
- 23 **(ii) nonsubsidiary insurance affiliates that are subject to**
- 24 **this chapter.**
- 25 ~~(5)~~ **(7) Material transactions, specified by rule, that the**
- 26 **commissioner determines may adversely affect the interests of the**
- 27 **insurer's policyholders.**

28 This subsection does not authorize or permit any transactions that, in  
 29 the case of an insurer not a member of the same insurance holding  
 30 company system, would be otherwise contrary to law. Notice  
 31 concerning amendments or modifications of a transaction must include  
 32 the reasons for the change and the financial impact on the domestic  
 33 insurer. Not more than thirty (30) days after an agreement that was  
 34 previously filed under this section is terminated, the domestic insurer  
 35 shall send written notice of the termination to the commissioner. The  
 36 commissioner shall determine whether a filing concerning the  
 37 termination is required and shall notify the domestic insurer of the  
 38 commissioner's determination.

39 (c) A domestic insurer may not enter into transactions that are part  
 40 of a plan or series of like transactions with persons within the insurance  
 41 holding company system if the purpose of those separate transactions  
 42 is to avoid the statutory threshold amount and thus avoid the review



- 1 that would occur otherwise.
- 2 (d) The commissioner, in reviewing transactions pursuant to  
3 subsection (b), shall consider whether the transactions comply with the  
4 standards set forth in subsection (a) and whether the transactions may  
5 adversely affect the interests of policyholders.
- 6 (e) The commissioner shall be notified within thirty (30) days of any  
7 investment of the domestic insurer in any one (1) corporation if the  
8 total investment in that corporation by the insurance holding company  
9 system exceeds ten percent (10%) of the corporation's voting securities.
- 10 (f) For purposes of this chapter, in determining whether an insurer's  
11 surplus is reasonable in relation to the insurer's outstanding liabilities  
12 and adequate to its financial needs, the following factors, among others,  
13 shall be considered:
- 14 (1) The size of the insurer as measured by its assets, capital and  
15 surplus, reserves, premium writings, insurance in force and other  
16 appropriate criteria.
- 17 (2) The extent to which the insurer's business is diversified among  
18 the several lines of insurance.
- 19 (3) The number and size of risks insured in each line of business.
- 20 (4) The extent of the geographical dispersion of the insurer's  
21 insured risks.
- 22 (5) The nature and extent of the insurer's reinsurance program.
- 23 (6) The quality, diversification, and liquidity of the insurer's  
24 investment portfolio.
- 25 (7) The recent past and projected future trend in the size of the  
26 insurer's surplus as regards policyholders.
- 27 (8) The surplus as regards policyholders maintained by other  
28 comparable insurers in respect of the factors described in  
29 subdivisions (1) through (7).
- 30 (9) The adequacy of the insurer's reserves.
- 31 (10) The quality and liquidity of investments in subsidiaries,  
32 except that the commissioner may discount or treat any such  
33 investment in subsidiaries as a disallowed asset for purposes of  
34 determining the adequacy of surplus whenever in the  
35 commissioner's judgment such investment so warrants.
- 36 (11) The quality of the earnings of the insurer and the extent to  
37 which the reported earnings of the insurer include extraordinary  
38 items.
- 39 (g) No domestic insurer subject to registration under section 3 of  
40 this chapter shall pay an extraordinary dividend or make any other  
41 extraordinary distribution to its security holders until:  
42 (1) thirty (30) days after the commissioner has received notice of



- 1 the declaration thereof and has not within such period  
 2 disapproved such payment; or  
 3 (2) the commissioner shall have approved such payment within  
 4 such thirty (30) day period.
- 5 (h) For purposes of subsection (g), an extraordinary dividend or  
 6 distribution is any dividend or distribution of cash or other property  
 7 whose fair market value, together with that of other dividends or  
 8 distributions made within the twelve (12) consecutive months ending  
 9 on the date on which the proposed dividend or distribution is scheduled  
 10 to be made, exceeds the greater of:
- 11 (1) ten percent (10%) of such insurer's surplus as regards  
 12 policyholders as of the most recently preceding December 31; or  
 13 (2) the net gain from operations of such insurer, if such insurer is  
 14 a life insurer, or the net income, if such insurer is not a life  
 15 insurer, for the twelve (12) month period ending on the most  
 16 recently preceding December 31.
- 17 (i) Notwithstanding any other provision of law, a domestic insurer  
 18 may declare an extraordinary dividend or distribution which is  
 19 conditional upon the commissioner's approval thereof, but such a  
 20 declaration shall confer no rights upon shareholders until:
- 21 (1) the commissioner has approved the payment of such dividend  
 22 or distribution; or  
 23 (2) the commissioner has not disapproved the payment within the  
 24 thirty (30) day period referred to in subsection (g).
- 25 (j) The commissioner may impose a civil penalty of five thousand  
 26 dollars (\$5,000) on a person who fails to file a transaction as required  
 27 by this section. The commissioner shall deposit a civil penalty collected  
 28 under this subsection in the department of insurance fund established  
 29 by IC 27-1-3-28.
- 30 SECTION 25. IC 27-1-27-3 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The  
 32 commissioner of insurance shall issue resident and nonresident public  
 33 adjusters' certificates of authority to each person who:
- 34 (1) has complied with the requirements of this chapter, including  
 35 the payment of fees, the completion of the examination, and, in  
 36 the case of a nonresident applicant, the service of process  
 37 designation;  
 38 (2) is at least eighteen (18) years of age; and  
 39 (3) has not been convicted of:
- 40 (A) an act which would constitute a ground for disciplinary  
 41 sanction under section 7 7.1 of this chapter; or  
 42 (B) a felony that has a direct bearing on his ability to practice



- 1                   competently.
- 2           A certificate of authority may be issued to a corporation that has one
- 3           (1) or more officers, directors, or employees who have been issued
- 4           public adjusters' certificates of authority. However, a corporation may
- 5           practice public adjusting only through its officers, directors, or
- 6           employees who have been issued certificates under this chapter.
- 7           (b) The commissioner of insurance may issue a resident certificate
- 8           of authority only to an applicant who is a bona fide resident of Indiana.
- 9           (c) The commissioner may issue a nonresident certificate of
- 10          authority only to a nonresident of Indiana who holds an equivalent
- 11          resident certificate of authority or a license issued under the laws of
- 12          any other state, any territorial possession of the United States, or any
- 13          foreign country.
- 14          SECTION 26. IC 27-1-27-7 IS REPEALED [EFFECTIVE JULY 1,
- 15          2015]. Sec. 7. (a) As used in this section, "practitioner" means an
- 16          individual or corporation who or which holds a certificate of authority
- 17          under this chapter.
- 18          (b) A practitioner shall conduct the practice of public adjusting in
- 19          accordance with the standards established by the commissioner of
- 20          insurance under section 8 of this chapter and is subject to the exercise
- 21          of the disciplinary sanctions under subsection (e), if after a hearing, the
- 22          commissioner finds:
- 23               (1) the practitioner has employed or knowingly cooperated in
- 24               fraud or material deception in order to obtain a certificate to
- 25               practice public adjusting; or has engaged in fraud or material
- 26               deception in the course of professional services or activities; or
- 27               has advertised services in a false or misleading manner;
- 28               (2) the practitioner has been convicted of a crime which has direct
- 29               bearing on the practitioner's ability to continue to practice
- 30               competently;
- 31               (3) a practitioner has knowingly violated any rule adopted by the
- 32               commissioner under section 8 of this chapter;
- 33               (4) a practitioner has continued to practice although he has
- 34               become unfit to practice public adjusting due to:
- 35                   (A) professional incompetence;
- 36                   (B) failure to keep abreast of current professional theory or
- 37                   practice;
- 38                   (C) physical or mental disability; or
- 39                   (D) addiction or severe dependency upon alcohol or other
- 40                   drugs which endangers the public by impairing a practitioner's
- 41                   ability to practice safely;
- 42               (5) a practitioner has engaged in a course of lewd or immoral



1           conduct in connection with the delivery of services to clients; or  
 2           (6) a practitioner has allowed his name or a certificate issued to  
 3           him under this chapter to be used in connection with any  
 4           individual who renders public adjusting services beyond the scope  
 5           of his training, experience, or competence.

6           (c) The commissioner of insurance may order a practitioner to  
 7           submit to a reasonable physical or mental examination if his physical  
 8           or mental capacity to practice safely is at issue in a disciplinary  
 9           proceeding.

10          (d) Failure to comply with an order under subsection (c) shall render  
 11          a practitioner liable to the summary revocation procedures under  
 12          subsection (f).

13          (e) The commissioner of insurance may impose any of the following  
 14          sanctions, singly or in combination, when he finds that a practitioner  
 15          is guilty of any offense under subsection (b):

16           (1) Permanently revoke a practitioner's certificate.

17           (2) Suspend a practitioner's certificate.

18           (3) Censure a practitioner.

19           (4) Issue a letter of reprimand.

20           (5) Place a practitioner on probation status and require the  
 21          practitioner to:

22           (A) report regularly to the commissioner upon the matters  
 23          which are the basis of probation;

24           (B) limit practice to those areas prescribed by the  
 25          commissioner; or

26           (C) continue or renew professional education under a  
 27          practitioner approved by the commissioner until a satisfactory  
 28          degree of skill has been attained in those areas which are the  
 29          basis of the probation.

30          The commissioner may withdraw a probation order if he finds that  
 31          the deficiency which required disciplinary action has been  
 32          remedied.

33          (f) The commissioner of insurance may summarily suspend a  
 34          practitioner's certificate for a period of ninety (90) days in advance of  
 35          a final adjudication or during the appeals process if the commissioner  
 36          finds that a practitioner represents a clear and immediate danger to the  
 37          public health and safety if he is allowed to continue to practice. The  
 38          summary suspension may be renewed upon a hearing before the  
 39          commissioner; and each renewal may be for a period of ninety (90)  
 40          days or less.

41          (g) The commissioner of insurance may reinstate a certificate which  
 42          has been suspended under this chapter if, after a hearing, the



1 commissioner is satisfied that the applicant is able to practice public  
 2 adjusting with reasonable skill and safety to clients. As a condition of  
 3 reinstatement, the commissioner may impose disciplinary or corrective  
 4 measures authorized under this chapter.

5 (h) The commissioner of insurance shall seek to achieve consistency  
 6 in the application of the sanctions authorized in this section, and  
 7 significant departures from prior decisions involving similar conduct  
 8 shall be explained in the commissioner's findings or orders.

9 (i) The commissioner of insurance may initiate proceedings under  
 10 this section on his own motion or on the verified written complaint of  
 11 any interested person. All such proceedings shall be conducted in  
 12 accordance with IC 4-21.5.

13 SECTION 27. IC 27-1-27-7.1 IS ADDED TO THE INDIANA  
 14 CODE AS A NEW SECTION TO READ AS FOLLOWS  
 15 [EFFECTIVE JULY 1, 2015]: **Sec. 7.1. (a) The commissioner may**  
 16 **suspend, revoke, or refuse to issue or renew a public adjuster's**  
 17 **certificate of authority to act as a public adjuster in Indiana, or**  
 18 **place a public adjuster on probation, for a cause set forth in**  
 19 **subsection (b).**

20 (b) A public adjuster is subject to the penalties set forth in  
 21 subsection (a) for any of the following:

22 (1) Providing incorrect, misleading, incomplete, or materially  
 23 untrue information in an application for a certificate of  
 24 authority.

25 (2) Violating an insurance law, a subpoena, or an order of the  
 26 commissioner or another state's insurance commissioner.

27 (3) Obtaining or attempting to obtain a certificate of authority  
 28 through misrepresentation or fraud.

29 (4) Improperly withholding, misappropriating, or converting  
 30 money or property received in the course of doing insurance  
 31 business.

32 (5) Intentionally misrepresenting the terms of an actual or  
 33 proposed insurance contract or application for insurance.

34 (6) Having been convicted of a felony.

35 (7) Having admitted or been found to have committed any  
 36 unfair trade practice or fraud in the business of insurance.

37 (8) Using fraudulent, coercive, or dishonest practices, or  
 38 demonstrating incompetence, untrustworthiness, or financial  
 39 irresponsibility, in the conduct of insurance business.

40 (9) Having an insurance license, or the equivalent of an  
 41 insurance license, probated, suspended, revoked, or refused in  
 42 another state, province, district, or territory.



- 1           **(10) Forging another person's name to a document related to**  
 2           **an insurance transaction.**  
 3           **(11) Cheating, including improperly using notes or any other**  
 4           **reference material, to complete an examination for an**  
 5           **insurance license.**  
 6           **(12) Failing to comply with an administrative or court order**  
 7           **imposing a child support obligation.**  
 8           **(13) Failing to pay state income tax or failing to comply with**  
 9           **an administrative or court order directing payment of state**  
 10           **income tax.**

11           **(c) If the commissioner refuses an application for a certificate**  
 12           **of authority to act as a public adjuster or for the renewal of an**  
 13           **existing certificate of authority under this chapter, the**  
 14           **commissioner shall notify the applicant or certificate holder in**  
 15           **writing, advising of the reason for the refusal. The applicant or**  
 16           **certificate holder may, not more than thirty (30) days after**  
 17           **receiving the commissioner's notice of refusal, make written**  
 18           **demand upon the commissioner for a hearing to determine the**  
 19           **reasonableness of the refusal. The hearing must be held under**  
 20           **IC 4-21.5 not more than twenty (20) days after the commissioner**  
 21           **receives the applicant's or certificate holder's written demand.**

22           SECTION 28. IC 27-1-43-8, AS ADDED BY P.L.119-2014,  
 23           SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24           JULY 1, 2015]: Sec. 8. (a) This chapter does not modify, limit, or  
 25           supersede the federal Electronic Signatures in Global and National  
 26           Commerce Act (15 U.S.C. 7001 et seq.).

27           (b) This chapter does not apply to a document to which IC 27-1-44  
 28           applies.

29           **(c) This chapter does not apply to a notice or document related**  
 30           **to title insurance (as defined in IC 27-7-3-2).**

31           SECTION 29. IC 27-1-44-1, AS ADDED BY P.L.119-2014,  
 32           SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33           JULY 1, 2015]: Sec. 1. As used in this chapter, "property and casualty  
 34           insurance" means one (1) or more of the types of insurance described  
 35           in IC 27-1-5-1, Class 2 and Class 3. **The term does not include title**  
 36           **insurance (as defined in IC 27-7-3-2).**

37           SECTION 30. IC 27-7-6-2 IS AMENDED TO READ AS  
 38           FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. "Automobile  
 39           insurance policy" means a policy delivered or issued for delivery in this  
 40           state or covering a motor vehicle required to be registered in this state  
 41           providing coverage for bodily injury and property damage liability,  
 42           medical payments, and uninsured motorists or any combination thereof,



1 and insuring as the named insured a natural person or more than one  
 2 (1) natural persons related to each other, resident of the same  
 3 household, and under which the insured vehicles therein designated are  
 4 as:

5 (a) a motor vehicle of the private passenger or station wagon type  
 6 that is not used as a public or livery conveyance for passengers,  
 7 nor rented to others; or

8 (b) any other four-wheel motor vehicle with a load capacity of one  
 9 thousand five hundred (1,500) pounds or less which is not used in  
 10 the occupation, profession, or business of the insured; provided,  
 11 however, that this chapter shall not apply:

12 (1) to any policy issued under an automobile assigned risk  
 13 plan;

14 ~~(2) to any policy insuring more than four (4) automobiles; or~~  
 15 ~~(3) (2) to pay any~~ policy covering garage, automobile sales  
 16 agency, repair shop, service station, or public parking place  
 17 operation hazards.

18 "Automobile liability coverage" includes only coverage of bodily  
 19 injury and property damage liability, medical payments and uninsured  
 20 motorists coverage.

21 "Policy" shall be deemed to mean a policy providing automobile  
 22 liability coverage.

23 SECTION 31. IC 27-7-14 IS ADDED TO THE INDIANA CODE  
 24 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2015]:

26 **Chapter 14. Group Insurance for Members of the Armed Forces**

27 **Sec. 1. As used in this chapter, "armed forces" means the active**  
 28 **and reserve components of the following:**

- 29 (1) The United States Army.  
 30 (2) The United States Navy.  
 31 (3) The United States Air Force.  
 32 (4) The United States Marine Corps.  
 33 (5) The United States Coast Guard.  
 34 (6) The Indiana National Guard.

35 **Sec. 2. As used in this chapter, "casualty insurance company"**  
 36 **has the meaning set forth in IC 27-1-2-3(t).**

37 **Sec. 3. As used in this chapter, "group" means a group of**  
 38 **individuals who:**

- 39 (1) have similar professional attributes;  
 40 (2) belong to the group for purposes other than that of  
 41 obtaining insurance; and  
 42 (3) are eligible to purchase motor vehicle insurance.





- 1           **Sec. 4. As used in this chapter, "group administrator" means:**  
 2           **(1) the officers or directors of; or**  
 3           **(2) another person legally vested with the responsibility to**  
 4           **manage the affairs of;**  
 5           **a group of members of the armed forces.**  
 6           **Sec. 5. As used in this chapter, "group motor vehicle insurance**  
 7           **policy" means a policy of insurance that provides motor vehicle**  
 8           **insurance to participating members of the armed forces under one**  
 9           **(1) master policy:**  
 10           **(1) that is issued to a group administrator; and**  
 11           **(2) under which individual certificates, each with separate**  
 12           **limits of liability and coverage, are issued to participating**  
 13           **group members.**  
 14           **Sec. 6. As used in this chapter, "motor vehicle insurance" means**  
 15           **the type of insurance described in IC 27-1-5-1, Class 2(f).**  
 16           **Sec. 7. An insurer that is authorized under IC 27-1-3-20 to:**  
 17           **(1) transact business as a casualty insurance company; and**  
 18           **(2) offer motor vehicle insurance;**  
 19           **may provide a group motor vehicle insurance policy.**  
 20           **SECTION 32. IC 27-7-15 IS ADDED TO THE INDIANA CODE**  
 21           **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**  
 22           **JULY 1, 2015]:**  
 23           **Chapter 15. Group Non-Trucking Liability Insurance**  
 24           **Sec. 1. As used in this chapter, "casualty insurance company"**  
 25           **has the meaning set forth in IC 27-1-2-3(t).**  
 26           **Sec. 2. As used in this chapter, "group" means a group of**  
 27           **individuals who:**  
 28           **(1) have similar professional attributes;**  
 29           **(2) belong to the group for purposes other than that of**  
 30           **obtaining insurance; and**  
 31           **(3) are eligible to purchase motor vehicle insurance.**  
 32           **Sec. 3. As used in this chapter, "group non-trucking liability**  
 33           **insurance policy" means a policy of insurance that provides**  
 34           **non-trucking liability insurance, and may provide optional physical**  
 35           **damage insurance coverage, to participating group members under**  
 36           **one (1) master policy:**  
 37           **(1) that is issued to a named insured; and**  
 38           **(2) under which individual certificates, each with separate**  
 39           **limits of liability and coverage, are issued to participating**  
 40           **group members.**  
 41           **Sec. 4. As used in this chapter, "motor vehicle insurance" means**  
 42           **the type of insurance described in IC 27-1-5-1, Class 2(f).**



1           **Sec. 5. As used in this chapter, "non-trucking liability**  
 2 **insurance" means insurance that provides third party liability**  
 3 **coverage for property damage or bodily injury caused by the**  
 4 **operation of a for hire motor carrier truck for purposes other than**  
 5 **for hire motor carrier truck purposes.**

6           **Sec. 6. An insurer that is authorized under IC 27-1-3-20 to:**

7               **(1) transact business as a casualty insurance company; and**

8               **(2) offer motor vehicle insurance;**

9           **may provide a group non-trucking liability insurance policy.**

10           **SECTION 33. IC 27-7-16 IS ADDED TO THE INDIANA CODE**  
 11 **AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE**  
 12 **JULY 1, 2015]:**

13           **Chapter 16. Group Tenant Users Liability Insurance**

14           **Sec. 1. As used in this chapter, "casualty and liability**  
 15 **insurance" means the type of insurance described in IC 27-1-5-1,**  
 16 **Class 2(h).**

17           **Sec. 2. As used in this chapter, "casualty insurance company"**  
 18 **has the meaning set forth in IC 27-1-2-3(t).**

19           **Sec. 3. As used in this chapter, "group" means a group of**  
 20 **individuals who:**

21               **(1) have similar professional attributes;**

22               **(2) belong to the group for purposes other than that of**  
 23 **obtaining insurance; and**

24               **(3) are eligible to purchase casualty and liability insurance.**

25           **Sec. 4. As used in this chapter, "group tenant users liability**  
 26 **insurance policy" means a policy of insurance that provides tenant**  
 27 **users liability insurance to participating group members under one**  
 28 **(1) master policy:**

29               **(1) that is issued to a named insured; and**

30               **(2) under which individual certificates, each with separate**  
 31 **limits of liability and coverage, are issued to participating**  
 32 **group members.**

33           **Sec. 5. As used in this chapter, "tenant users liability insurance"**  
 34 **means insurance that provides liability coverage for property**  
 35 **damage or bodily injury to a third party caused by a vendor,**  
 36 **exhibitor, or performer during a special event.**

37           **Sec. 6. An insurer that is authorized under IC 27-1-3-20 to:**

38               **(1) transact business as a casualty insurance company; and**

39               **(2) offer casualty and liability insurance;**

40           **may provide a group tenant users liability insurance policy.**

41           **SECTION 34. IC 27-8-15-14 IS AMENDED TO READ AS**  
 42 **FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 14. (a) As used in this**



1 chapter, "small employer" means any person, firm, corporation, limited  
 2 liability company, partnership, or association actively engaged in  
 3 business who, on at least fifty percent (50%) of the working days of the  
 4 employer during the preceding calendar year, employed at least two (2)  
 5 but not more than fifty (50) eligible employees, the majority of whom  
 6 work in Indiana. In determining the number of eligible employees,  
 7 companies that are affiliated companies or that are eligible to file a  
 8 combined tax return for purposes of state taxation are considered one  
 9 (1) employer.

10 **(b) If the commissioner of insurance determines that it is**  
 11 **necessary or appropriate, the department of insurance may adopt**  
 12 **emergency rules under IC 4-22-2-37.1 to conform the definition set**  
 13 **forth in subsection (a) with PPACA (as defined in IC 27-19-2-14).**  
 14 **Notwithstanding IC 4-22-2-37.1(g), an emergency rule adopted**  
 15 **under this subsection expires on the date occurring one (1) year**  
 16 **after the date on which the emergency rule takes effect.**

17 SECTION 35. IC 27-8-16-6, AS AMENDED BY P.L.234-2007,  
 18 SECTION 195, IS AMENDED TO READ AS FOLLOWS  
 19 [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) To remain in effect, a  
 20 certificate of registration issued under this chapter must be renewed ~~on~~  
 21 ~~June 30 of each year:~~ **annually.** To obtain the renewal of a certificate  
 22 of registration, a claim review agent or a claim review consultant must  
 23 submit an application to the commissioner. The application must be  
 24 accompanied by a registration fee in the amount set under section 5(d)  
 25 of this chapter. The commissioner shall deposit a registration fee  
 26 collected under this subsection into the department of insurance fund  
 27 established by IC 27-1-3-28.

28 (b) A certificate of registration issued under this chapter may not be  
 29 transferred unless the department determines that the person to which  
 30 the certificate of registration is to be transferred has satisfied the  
 31 requirements of this chapter.

32 (c) If there is a material change in any of the information set forth  
 33 in an application submitted under this chapter, the claim review agent  
 34 or claim review consultant that submitted the application shall notify  
 35 the department of the change in writing not more than thirty (30) days  
 36 after the change.

37 SECTION 36. IC 27-8-17-10, AS AMENDED BY P.L.234-2007,  
 38 SECTION 197, IS AMENDED TO READ AS FOLLOWS  
 39 [EFFECTIVE JULY 1, 2015]: Sec. 10. (a) To remain in effect, a  
 40 certificate of registration issued under this chapter must be renewed ~~on~~  
 41 ~~June 30 of each year:~~ **annually.** To obtain the renewal of a certificate  
 42 of registration, a utilization review agent must submit an application to



1 the commissioner. The application must be accompanied by a  
 2 registration fee in the amount set under section 9(d) of this chapter. The  
 3 commissioner shall deposit a registration fee collected under this  
 4 subsection into the department of insurance fund established by  
 5 IC 27-1-3-28.

6 (b) A certificate of registration issued under this chapter may not be  
 7 transferred unless the department determines that the entity to whom  
 8 the certificate is to be transferred has satisfied the requirements of this  
 9 chapter.

10 (c) If there is a material change in any of the information set forth  
 11 in an application submitted under this chapter, the utilization review  
 12 agent that submitted the application shall notify the department of the  
 13 change in writing within thirty (30) days after the change.

14 SECTION 37. IC 27-17-2-3, AS ADDED BY P.L.73-2006,  
 15 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 16 JULY 1, 2015]: Sec. 3. (a) The fee for issuance of a registration under  
 17 this chapter is five hundred dollars (\$500).

18 (b) A registration issued or renewed under this chapter expires ~~one~~  
 19 **(+) year from the date annually on the last day of the month of**  
 20 issuance or renewal.

21 (c) The fee for renewal of a registration under this chapter is two  
 22 hundred fifty dollars (\$250).

23 (d) The department shall renew a registration issued under this  
 24 chapter if:

25 (1) the fee specified under subsection (c) is paid; and

26 (2) the commissioner is satisfied that the discount medical card  
 27 program organization is in compliance with this article.

28 (e) Fees collected under this section must be deposited in the  
 29 department of insurance fund established by IC 27-1-3-28.

30 SECTION 38. IC 36-8-10-17 IS AMENDED TO READ AS  
 31 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 17. (a) The death  
 32 benefit, the disability benefit, and the dependents' pension may be  
 33 operated as one (1) fund, known as the police benefit fund, under the  
 34 terms of a supplementary trust agreement between the department and  
 35 the trustee for the exclusive benefit of employee beneficiaries and their  
 36 dependents.

37 (b) The trustee receives and holds as trustee for the uses and  
 38 purposes set out in the supplementary trust agreement all money paid  
 39 to it as trustee by the department or by other persons.

40 (c) The trustee may, under the terms of the supplementary trust  
 41 agreement, pay the necessary premiums for insurance, pay benefits, or  
 42 pay both as provided by this chapter.



1 (d) The trustee shall hold, invest, and reinvest the police benefit  
2 fund in investments that are permitted by statute for the investment of  
3 trust funds and other investments that are specifically designated in the  
4 supplementary trust agreement.

5 (e) Within ninety (90) days after the close of the fiscal year, the  
6 trustee, with the assistance of the pension engineers, shall prepare and  
7 file with the department ~~and the state insurance department~~ a detailed  
8 annual report showing receipts, disbursements, and case histories, and  
9 making recommendations regarding the necessary contributions  
10 required to keep the program in operation. Contributions by the  
11 department shall be provided in the general appropriations to the  
12 department. However, these contributions are not required for plans  
13 established or modifications adopted after June 30, 1989, under  
14 sections 14 through 16 of this chapter unless the establishment or  
15 modification is approved by the county fiscal body.

16 **SECTION 39. An emergency is declared for this act.**



## COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, to which was referred House Bill 1341, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 18, line 41, delete "criterium" and insert "**criterion**".

Page 20, delete lines 18 through 21.

Page 37, delete line 37, begin a new paragraph and insert:

**"Chapter 14. Group Insurance for Members of the Armed Forces"**.

Page 38, delete lines 4 through 29, begin a new paragraph and insert:

**"Sec. 2. As used in this chapter, "casualty insurance company" has the meaning set forth in IC 27-1-2-3(t).**

**Sec. 3. As used in this chapter, "group" means a group of individuals who:**

- (1) have similar professional attributes;**
- (2) belong to the group for purposes other than that of obtaining insurance; and**
- (3) are eligible to purchase motor vehicle insurance.**

**Sec. 4. As used in this chapter, "group administrator" means:**

- (1) the officers or directors of; or**
- (2) another person legally vested with the responsibility to manage the affairs of;**

**a group of members of the armed forces.**

**Sec. 5. As used in this chapter, "group motor vehicle insurance policy" means a policy of insurance that provides motor vehicle insurance to participating members of the armed forces under one**

**(1) master policy:**

- (1) that is issued to a group administrator; and**
- (2) under which individual certificates, each with separate limits of liability and coverage, are issued to participating group members.**

**Sec. 6. As used in this chapter, "motor vehicle insurance" means the type of insurance described in IC 27-1-5-1, Class 2(f).**

**Sec. 7. An insurer that is authorized under IC 27-1-3-20 to:**

- (1) transact business as a casualty insurance company; and**
- (2) offer motor vehicle insurance;**

**may provide a group motor vehicle insurance policy.**

SECTION 31. IC 27-7-15 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

**EH 1341—LS 7048/DI 97**



**Chapter 15. Group Non-Trucking Liability Insurance**

**Sec. 1.** As used in this chapter, "casualty insurance company" has the meaning set forth in IC 27-1-2-3(t).

**Sec. 2.** As used in this chapter, "group" means a group of individuals who:

- (1) have similar professional attributes;
- (2) belong to the group for purposes other than that of obtaining insurance; and
- (3) are eligible to purchase motor vehicle insurance.

**Sec. 3.** As used in this chapter, "group non-trucking liability insurance policy" means a policy of insurance that provides non-trucking liability insurance, and may provide optional physical damage insurance coverage, to participating group members under one (1) master policy:

- (1) that is issued to a named insured; and
- (2) under which individual certificates, each with separate limits of liability and coverage, are issued to participating group members.

**Sec. 4.** As used in this chapter, "motor vehicle insurance" means the type of insurance described in IC 27-1-5-1, Class 2(f)."

Page 38, line 30, delete "8." and insert "5."

Page 38, between lines 34 and 35, begin a new paragraph and insert:

**"Sec. 6. An insurer that is authorized under IC 27-1-3-20 to:**

- (1) transact business as a casualty insurance company; and
- (2) offer motor vehicle insurance;

**may provide a group non-trucking liability insurance policy.**

SECTION 32. IC 27-7-16 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2015]:

**Chapter 16. Group Tenant Users Liability Insurance**

**Sec. 1.** As used in this chapter, "casualty and liability insurance" means the type of insurance described in IC 27-1-5-1, Class 2(h).

**Sec. 2.** As used in this chapter, "casualty insurance company" has the meaning set forth in IC 27-1-2-3(t).

**Sec. 3.** As used in this chapter, "group" means a group of individuals who:

- (1) have similar professional attributes;
- (2) belong to the group for purposes other than that of obtaining insurance; and
- (3) are eligible to purchase casualty and liability insurance.

**Sec. 4.** As used in this chapter, "group tenant users liability



**insurance policy" means a policy of insurance that provides tenant users liability insurance to participating group members under one**

**(1) master policy:**

- (1) that is issued to a named insured; and**
- (2) under which individual certificates, each with separate limits of liability and coverage, are issued to participating group members."**

Page 38, line 35, delete "9." and insert "5."

Page 38, delete lines 39 through 42, begin a new paragraph and insert:

**"Sec. 6. An insurer that is authorized under IC 27-1-3-20 to:**

- (1) transact business as a casualty insurance company; and**
- (2) offer casualty and liability insurance;**

**may provide a group tenant users liability insurance policy."**

Page 39, delete lines 1 through 8.

Page 39, line 10, delete "This subsection".

Page 39, line 11, delete "applies only for plan years beginning before January 1, 2016".

Page 39, delete lines 21 through 31, begin a new paragraph and insert:

**"(b) If the commissioner of insurance determines that it is necessary or appropriate, the department of insurance may adopt emergency rules under IC 4-22-2-37.1 to conform the definition set forth in subsection (a) with PPACA (as defined in IC 27-19-2-14). Notwithstanding IC 4-22-2-37.1(g), an emergency rule adopted under this subsection expires on the date occurring one (1) year after the date on which the emergency rule takes effect."**

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to HB 1341 as introduced.)

LEHMAN

Committee Vote: yeas 12, nays 0.





## HOUSE MOTION

Mr. Speaker: I move that House Bill 1341 be amended to read as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 12-15-39.6-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) As used in this section, "asset disregard" means one (1) of the following:

(1) A one dollar (\$1) increase in the amount of assets an individual who:

(A) purchases a qualified long term care policy; and

(B) meets the requirements under section 8 of this chapter; may retain under IC 12-15-3 for each one dollar (\$1) of benefit paid out under the individual's long term care policy for long term care services.

(2) The total assets an individual owns and may retain under IC 12-15-3 and still qualify for benefits under IC 12-15 at the time the individual applies for benefits if the individual:

(A) is the beneficiary of a qualified long term care policy that provides maximum benefits at time of purchase of at least one hundred forty thousand dollars (\$140,000) and includes a provision under which the daily benefit increases by at least five percent (5%) per year, compounded at least annually;

(B) meets the requirements under section 8 of this chapter; and

(C) has exhausted the benefits of the qualified long term care policy.

(b) When the office determines whether an individual is eligible for Medicaid under IC 12-15-3, the office shall:

(1) make an asset disregard adjustment for any individual who purchases a qualified long term care policy; **and**

**(2) if the assets owned by the individual's spouse are included in the individual's eligibility determination, include the assets of the individual's spouse in the asset disregard adjustment.**

The asset disregard must be available after benefits of the long term care policy have been applied to the cost of long term care as required under this chapter.

(c) The qualified long term care policy an individual must purchase to be eligible for the asset disregard under subsection (a)(2) must have maximum benefits at time of purchase equal to at least one hundred forty thousand dollars (\$140,000) plus five percent (5%) interest compounded annually beginning January 1, 1999."

EH 1341—LS 7048/DI 97



Page 42, after line 22, begin a new paragraph and insert:  
"SECTION 39. **An emergency is declared for this act.**".  
Re-number all SECTIONS consecutively.

(Reference is to HB 1341 as printed January 30, 2015.)

CARBAUGH

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COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred House Bill No. 1341, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 13, line 4, delete "section 12 of this chapter" and insert "**this section**".

Page 25, line 16, delete "non-resident" and insert "**nonresident**".

Page 28, line 4, delete "pre-licensing" and insert "**prelicensing**".

Page 31, line 24, delete "non-subsiary" and insert "**nonsubsidiary**".

and when so amended that said bill do pass.

(Reference is to HB 1341 as reprinted February 4, 2015.)

HOLDMAN, Chairperson

Committee Vote: Yeas 10, Nays 0.

