

HOUSE BILL No. 1341

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1; IC 27-7; IC 27-8; IC 27-17-2-3; IC 36-8-10-17.

Synopsis: Insurance matters. 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 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. Amends the definition of "small employer" to conform 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.

Effective: July 1, 2015; January 1, 2016.

Lehman, Hale

January 13, 2015, read first time and referred to Committee on Insurance.



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.

HOUSE BILL No. 1341



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 27-1-3-16 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 16. All taxes provided
3 by this article and all fees accruing to the department as provided in
4 this article shall be paid into the state treasury monthly. ~~All expenses~~
5 ~~incurred and all compensation paid by the department in the~~
6 ~~administration of this article shall be paid out of the general fund, in~~
7 ~~the same manner as other state expense and compensation are paid.~~
8 SECTION 2. IC 27-1-3.5-0.5 IS ADDED TO THE INDIANA
9 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
10 [EFFECTIVE JULY 1, 2015]: **Sec. 0.5. (a) As used in this chapter,**
11 **"audit committee" means a body established by the board of**
12 **directors of a domestic insurer or group of insurers for the purpose**
13 **of overseeing:**
14 **(1) the accounting and financial reporting processes;**
15 **(2) external audits of financial statements; and**



1 **(3) the internal audit function;**
 2 **of a domestic insurer or group of insurers.**

3 **(b) For purposes of this chapter, the audit committee of an**
 4 **insurance holding company system is considered to be the audit**
 5 **committee of a group of insurers that are members of the**
 6 **insurance holding company system, at the election of the insurance**
 7 **holding company system.**

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

11 SECTION 3. IC 27-1-3.5-2.6 IS ADDED TO THE INDIANA
 12 CODE AS A NEW SECTION TO READ AS FOLLOWS
 13 [EFFECTIVE JULY 1, 2015]: **Sec. 2.6. As used in this chapter,**
 14 **"group of insurers" means two (2) or more insurers that are part**
 15 **of an insurance holding company system.**

16 SECTION 4. IC 27-1-3.5-3.1 IS ADDED TO THE INDIANA
 17 CODE AS A NEW SECTION TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2015]: **Sec. 3.1. As used in this chapter,**
 19 **"insurance holding company system" has the meaning set forth in**
 20 **IC 27-1-23-1.**

21 SECTION 5. IC 27-1-3.5-3.2 IS ADDED TO THE INDIANA
 22 CODE AS A NEW SECTION TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2015]: **Sec. 3.2. As used in this chapter,**
 24 **"internal audit function" means a process that provides**
 25 **independent, objective, and reasonable assurance that is designed**
 26 **to:**

27 **(1) add value to and improve a domestic insurer's or group of**
 28 **insurers' operations; and**

29 **(2) accomplish the domestic insurer's or group of insurers'**
 30 **objectives;**

31 **through introduction of a systematic, disciplined approach to the**
 32 **evaluation and improvement of the effectiveness of risk**
 33 **management, control, and governance processes.**

34 SECTION 6. IC 27-1-3.5-3.3 IS ADDED TO THE INDIANA
 35 CODE AS A NEW SECTION TO READ AS FOLLOWS
 36 [EFFECTIVE JULY 1, 2015]: **Sec. 3.3. As used in this chapter,**
 37 **"internal control over financial reporting" means a process**
 38 **effected by a domestic insurer's board of directors, management,**
 39 **or other personnel that is designed to provide reasonable assurance**
 40 **regarding the reliability of financial statements of the domestic**
 41 **insurer, including the following:**

42 **(1) The items specified in section 7(c)(2) through section**



1 7(c)(6) and section 7(d) of this chapter.

2 **(2) Policies and procedures that do the following:**

3 **(A) Pertain to the maintenance of records that, in**
 4 **reasonable detail, accurately and fairly reflect transactions**
 5 **and deposit of assets.**

6 **(B) Provide reasonable assurance that:**

7 **(i) transactions are recorded as necessary to permit**
 8 **preparation of the financial statements; and**

9 **(ii) receipts and expenditures are made only in**
 10 **accordance with the authorization of management and**
 11 **the board of directors.**

12 **(C) Provide reasonable assurance regarding prevention or**
 13 **timely detection of unauthorized acquisition, use, or**
 14 **disposition of assets that may have a material effect on the**
 15 **financial statements.**

16 SECTION 7. IC 27-1-3.5-3.4 IS ADDED TO THE INDIANA
 17 CODE AS A NEW SECTION TO READ AS FOLLOWS
 18 [EFFECTIVE JULY 1, 2015]: **Sec. 3.4. As used in this chapter,**
 19 **"Section 404" refers to Section 404 of the federal Sarbanes-Oxley**
 20 **Act of 2002 (Public Law 107-204).**

21 SECTION 8. IC 27-1-3.5-3.5 IS REPEALED [EFFECTIVE JULY
 22 1, 2015]. **Sec. 3.5. As used in this chapter, "significant deficiency"**
 23 **means a reportable condition described in the Professional Standards**
 24 **of the American Institute of Certified Public Accountants.**

25 SECTION 9. IC 27-1-3.5-3.6 IS ADDED TO THE INDIANA
 26 CODE AS A NEW SECTION TO READ AS FOLLOWS
 27 [EFFECTIVE JULY 1, 2015]: **Sec. 3.6. As used in this chapter,**
 28 **"Section 404 report" means a domestic insurer's or group of**
 29 **insurers' management's report on internal control over financial**
 30 **reporting (as defined by the federal Securities and Exchange**
 31 **Commission) and the related attestation report of an independent**
 32 **auditor.**

33 SECTION 10. IC 27-1-3.5-3.7 IS ADDED TO THE INDIANA
 34 CODE AS A NEW SECTION TO READ AS FOLLOWS
 35 [EFFECTIVE JULY 1, 2015]: **Sec. 3.7. As used in this chapter,**
 36 **"SOX compliant entity" means an entity that is required to be**
 37 **compliant, or is voluntarily compliant, with all of the following**
 38 **provisions of the federal Sarbanes-Oxley Act of 2002 (Public Law**
 39 **107-204):**

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

41 **(2) The audit committee independence requirements of**
 42 **Section 301.**



1 **(3) The internal control over financial reporting requirements**
 2 **of Section 404.**

3 SECTION 11. IC 27-1-3.5-5 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 5. (a) Except as
 5 provided in subsections (b) and (c), this chapter applies to all domestic
 6 insurers.

7 (b) A domestic insurer that has:

8 (1) direct written premiums of less than one million dollars
 9 (\$1,000,000) in any calendar year; ~~and~~

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

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

15 is exempt from this chapter with respect to that year. However, the
 16 commissioner may require compliance with this chapter upon a finding
 17 that compliance with this chapter is necessary for the commissioner to
 18 carry out a statutory responsibility.

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

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

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

34 (3) a copy of a notification of an adverse financial condition
 35 report that is filed with the other state is filed with the
 36 commissioner within the time specified in section 11 of this
 37 chapter.

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

41 SECTION 12. IC 27-1-3.5-7 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 7. (a) The annual



1 audited financial report filed by a domestic insurer under this chapter
2 shall report:

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

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

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

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

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

20 (1) The report of the insurer's independent auditor.

21 (2) A balance sheet reporting admitted assets, liabilities, capital,
22 and surplus.

23 (3) A statement of operations.

24 (4) A statement of cash flow.

25 (5) A statement of changes in capital and surplus.

26 (6) Notes to financial statements. The notes must be those
27 required by the National Association of Insurance Commissioners'
28 annual statement instructions and any other notes required by
29 statutory accounting practices, which must include the following:

30 ~~(A)~~ a reconciliation of differences, if any, between the
31 financial statements included in the audited financial report
32 and the annual statement filed by the insurer under
33 IC 27-1-20-21, including a written description of the nature of
34 these differences.

35 ~~(B) A summary of the ownership and relationships of the
36 domestic insurer and all affiliated companies.~~

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

42 (e) The financial statements included in a domestic insurer's audited



1 financial report must be comparative, presenting the amounts as of
 2 December 31 of the year of the report and comparative amounts as of
 3 the immediately preceding December 31. However, in the first year in
 4 which an insurer is required to file an audited financial report under
 5 this chapter, the comparative data may be omitted.

6 SECTION 13. IC 27-1-3.5-9, AS AMENDED BY P.L.11-2011,
 7 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 8 JULY 1, 2015]: Sec. 9. (a) For the purposes of this chapter, the
 9 commissioner may not recognize as an independent auditor any
 10 individual or firm that is not:

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

13 (2) in good standing with:

14 (A) the American Institute of Certified Public Accountants;
 15 and

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

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

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

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

31 (3) The number of jurisdictions in which the domestic insurer
 32 transacts business.

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

36 (1) has been convicted of fraud, bribery, a violation of the
 37 Racketeer Influenced and Corrupt Organizations Act under
 38 federal law (18 U.S.C. 1961 through 1968) or state law (IC
 39 35-45-6) or any dishonest conduct or practices under federal or
 40 state law;

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



1 or

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

5 **(d) The commissioner shall not recognize as a qualified**
6 **independent certified public accountant, or accept an annual**
7 **audited financial report prepared in whole or in part by an**
8 **accountant that provides to a domestic insurer, contemporaneously**
9 **with the audit, any of the following nonaudit services:**

10 **(1) Bookkeeping or other services related to the accounting**
11 **records or financial statements of the domestic insurer.**

12 **(2) Financial information systems design or implementation.**

13 **(3) Appraisal or valuation services, fairness opinions, or**
14 **contribution-in-kind reports.**

15 **(4) Actuarially oriented advisory services involving the**
16 **determination of amounts recorded in the financial**
17 **statements. This does not include the following:**

18 **(A) The accountant assisting the domestic insurer to**
19 **understand the methods, assumptions, and inputs used in**
20 **the determination of amounts recorded in the financial**
21 **statement if it is reasonable to conclude that the assistance**
22 **provided is not subject to audit procedures during an audit**
23 **of the domestic insurer's financial statements.**

24 **(B) An accountant's actuary issuing an actuarial opinion or**
25 **certification concerning the domestic insurer's reserves if**
26 **the following apply:**

27 **(i) The accountant and the accountant's actuary have not**
28 **performed any management functions or made any**
29 **management decisions.**

30 **(ii) The domestic insurer has competent personnel, or**
31 **engages a third party actuary, to estimate the reserves**
32 **for which management takes responsibility.**

33 **(iii) The accountant's actuary tests the reasonableness of**
34 **the reserves after the domestic insurer's management**
35 **has determined the amount of the reserves.**

36 **(5) Internal audit outsourcing services.**

37 **(6) Management or human resources functions.**

38 **(7) Broker, dealer, investment adviser, or investment banking**
39 **services.**

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

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



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

6 (1) Functioning in the role of management for the domestic
 7 insurer.

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

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

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

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

23 (1) a written report (or a letter on reportable conditions)
 24 communication describing the significant deficiencies any
 25 unremediated material weaknesses (as defined by the NAIC
 26 Statement on Auditing Standard 60, Communication of
 27 Internal Control Related Matters Noted in an Audit) in the
 28 domestic insurer's internal control structure; if internal control
 29 deficiencies were over financial reporting as of the December
 30 31 immediately preceding the audit (coinciding with the
 31 domestic insurer's annual audited financial report), noted by
 32 the domestic insurer's independent auditor in connection with its
 33 during the audit. and

34 (2) a written discussion of any remedial action taken or proposed
 35 in connection with the written report. If no unremediated
 36 material weaknesses are noted during the audit, the
 37 communication must reflect that fact.

38 (b) The written report communication and written discussion
 39 required under subsection (a) must be filed prepared not later than
 40 sixty (60) days after the filing of the annual audited financial
 41 statements report.

42 (c) If a description of remedial actions taken or proposed to



1 correct unremediated material weaknesses described under
 2 subsection (a) is not provided by the independent auditor, the
 3 domestic insurer shall provide a description of the remedial
 4 actions.

5 SECTION 15. IC 27-1-3.5-12.1 IS ADDED TO THE INDIANA
 6 CODE AS A NEW SECTION TO READ AS FOLLOWS
 7 [EFFECTIVE JULY 1, 2015]: Sec. 12.1. (a) As used in this section,
 8 "independent", with respect to a member of an audit committee,
 9 means that the member, other than in the member's capacity as a
 10 member of the audit committee, the board of directors, or another
 11 board committee:

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

15 (2) is not an affiliate of the domestic insurer or group of
 16 insurers.

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

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

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

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

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

24 (1) appointment;

25 (2) compensation; and

26 (3) oversight of the work;

27 of the domestic insurer's or group of insurers' accountant,
 28 including resolution of disagreements between management and
 29 the accountant concerning financial reporting, for the purpose of
 30 preparing or issuing an annual audited financial report or related
 31 work under this chapter. Each accountant reports directly to the
 32 audit committee.

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

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

37 (2) granting the person that performs the internal audit
 38 function suitable authority and resources to fulfill the
 39 person's responsibilities if required by section 12.3 of this
 40 chapter.

41 (e) The following apply to the membership of an audit
 42 committee:



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



1 until the next annual meeting of the domestic insurer or one (1)
2 year after the date on which the member's independence ceased,
3 whichever occurs first.

4 (h) The ultimate controlling person of a domestic insurer may
5 designate the audit committee of the domestic insurer by providing
6 written notice to each commissioner responsible for regulation of
7 each affected insurer. The written notice must:

8 (1) be timely provided before the issuance of the annual
9 audited financial report; and

10 (2) include a description of the basis for the designation.

11 (i) A designation:

12 (1) under subsection (h) may be changed with written notice
13 from the domestic insurer to the commissioner, including a
14 description of the basis for the designation; and

15 (2) under subsection (h) or this subsection remains in effect
16 unless rescinded or changed.

17 (j) A domestic insurer's audit committee shall require the
18 accountant that performs an audit required by this chapter to
19 report to the audit committee in accordance with the requirements
20 of AICPA Statements on Auditing Standards (SAS) 61,
21 Communication with Audit Committees, or its replacement,
22 including the following:

23 (1) All significant accounting policies and material permitted
24 practices.

25 (2) All:

26 (A) material alternative treatments of financial
27 information within statutory accounting principles that
28 have been discussed with management officials of the
29 domestic insurer; and

30 (B) ramifications of the use of the alternative disclosures
31 and treatments.

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

34 (4) Any other material written communication between the
35 accountant and the management of the domestic insurer,
36 including any management letter or schedule of unadjusted
37 differences.

38 (k) If:

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

41 (2) any substantial differences among insurers in the
42 insurance holding company system are identified to the audit



1 committee;
2 the reports required by subsection (j) may be provided to the audit
3 committee on an aggregate basis for insurers in the holding
4 company system.

5 (l) If a domestic insurer has direct written and assumed
6 premiums (excluding premiums reinsured with the Federal Crop
7 Insurance Corporation and Federal Flood Program) of less than
8 five hundred million dollars (\$500,000,000), the domestic insurer
9 may apply to the commissioner for a waiver from the audit
10 committee requirements of section 12 of this chapter based on
11 hardship.

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

- 15 (1) commissioners of insurance in the states in which the
- 16 domestic insurer is licensed or doing insurance business; and
- 17 (2) National Association of Insurance Commissioners.

18 If another state has access to electronic filing with the National
19 Association of Insurance Commissioners, the domestic insurer
20 shall file the waiver with the other state electronically in
21 accordance with National Association of Insurance Commissioners
22 electronic filing specifications.

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

28 (1) The domestic insurer has annual direct written and
29 unaffiliated assumed premiums (including international direct
30 and assumed premiums and excluding premiums reinsured
31 with the Federal Crop Insurance Corporation and Federal
32 Flood Program) of less than five hundred million dollars
33 (\$500,000,000).

34 (2) The domestic insurer is a member of a group of insurers
35 that has annual direct written and unaffiliated assumed
36 premiums (including international direct and assumed
37 premiums and excluding premiums reinsured with the
38 Federal Crop Insurance Corporation and Federal Flood
39 Program) of less than one billion dollars (\$1,000,000,000).

40 A domestic insurer or group of insurers described in this
41 subsection shall comply with the requirements of this section not
42 later than one (1) year after the year in which the domestic



1 insurer's or group's annual direct written and unaffiliated assumed
 2 premiums described in subdivisions (1) and (2) exceed the
 3 applicable maximum amount specified in subdivision (1) or (2).

4 (b) A domestic insurer shall establish an internal audit function
 5 to:

6 (1) provide independent, objective, and reasonable assurance
 7 to the domestic insurer's audit committee and management
 8 concerning the domestic insurer's governance, risk
 9 management, and internal controls;

10 (2) perform general and specific audits, reviews, and tests;
 11 and

12 (3) use other techniques considered necessary to protect
 13 assets, evaluate control effectiveness and efficiency, and
 14 evaluate compliance with policies and regulations.

15 (c) An internal audit function established under subsection (b)
 16 must be organizationally independent, as follows:

17 (1) Ultimate judgment concerning audit matters must be
 18 made by the department responsible for the internal audit
 19 function.

20 (2) The department responsible for the internal audit function
 21 shall appoint an individual:

22 (A) to be responsible for the internal audit function; and

23 (B) to have direct and unrestricted access to the board of
 24 directors of the domestic insurer.

25 The internal audit function's organizational independence does not
 26 preclude dual reporting relationships.

27 (d) The director of the internal audit function shall report to the
 28 audit committee of a domestic insurer on a regular basis, at least
 29 annually, concerning the following:

30 (1) The internal audit function's periodic audit plan.

31 (2) Factors that may adversely affect the internal audit
 32 function's independence or effectiveness.

33 (3) Material findings from completed audits.

34 (4) The appropriateness of corrective actions implemented by
 35 management as a result of audit findings.

36 (e) If a domestic insurer is a member of an insurance holding
 37 company system or a member of a group of insurers, the domestic
 38 insurer may satisfy the internal audit function requirements of this
 39 section at the ultimate controlling person level, an intermediate
 40 holding company level, or an individual legal entity level.

41 SECTION 17. IC 27-1-3.5-12.5 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 12.5. ~~The independent~~



1 auditor shall furnish the (a) A domestic insurer in connection with and
 2 for inclusion in the filing of the **that is required to file an** annual
 3 audited financial report a letter stating the following:

4 (1) That the independent auditor is independent with respect to
 5 the insurer and conforms to the standards of the independent
 6 auditor's profession as contained in the Code of Professional
 7 Ethics and Pronouncements of the American Institute of Certified
 8 Public Accountants and the rules of Professional Conduct of the
 9 Indiana State Board of Accountancy.

10 (2) The:

11 (A) general background and experience; and

12 (B) experience in audits of insurers;

13 of the staff assigned to the audit. The letter must also state
 14 whether each member of the staff is a certified public accountant.
 15 This subdivision does not prohibit the independent auditor from
 16 using the staff considered appropriate where such use is
 17 consistent with the standards prescribed by generally accepted
 18 auditing standards.

19 (3) That the independent auditor understands that the
 20 commissioner will be relying on the independent auditor's annual
 21 audited financial report and the independent auditor's opinion in
 22 the report for the monitoring and regulation of the financial
 23 positions of the insurers.

24 (4) That the independent auditor consents to the requirements of
 25 section 13 of this chapter and agrees to make available for review
 26 by the commissioner, the commissioner's designee, or the
 27 commissioner's appointed agent, any of the independent auditor's
 28 work papers and significant communications.

29 (5) That the independent auditor is properly licensed by an
 30 appropriate state licensing authority and is a member in good
 31 standing in the American Institute of Certified Public
 32 Accountants.

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



- 1 matters noted in an audit.
- 2 (b) The commissioner may require a domestic insurer that is:
- 3 (1) not described in subsection (a); and
- 4 (2) in a RBC level event described in IC 27-1-36 or considered
- 5 by the commissioner to be in hazardous financial condition (as
- 6 defined in rules adopted under IC 27-1-3-7);
- 7 to file a report of management's internal control over financial
- 8 reporting.
- 9 (c) If:
- 10 (1) a domestic insurer or group of insurers is:
- 11 (A) directly subject to Section 404;
- 12 (B) part of an insurance holding company system whose
- 13 parent is directly subject to Section 404;
- 14 (C) not directly subject to Section 404, but is a SOX
- 15 compliant entity; or
- 16 (D) part of an insurance holding company system whose
- 17 parent is not directly subject to Section 404, but is a SOX
- 18 compliant entity; and
- 19 (2) the domestic insurer's or group of insurers' internal
- 20 controls over financial reporting that have a material impact
- 21 on the preparation of the domestic insurer's or group of
- 22 insurers' annual audited financial statements are included in
- 23 the Section 404 report;
- 24 the domestic insurer or group of insurers may satisfy the
- 25 requirement of this section to file a report of management's
- 26 internal control over financial reporting by including with the
- 27 domestic insurer's or group of insurers' Section 404 report an
- 28 addendum described in subsection (d).
- 29 (d) An addendum described in subsection (c) must be a positive
- 30 statement by the domestic insurer's or group of insurers'
- 31 management that no internal controls over financial reporting that
- 32 have a material impact on the preparation of the domestic
- 33 insurer's or group of insurers' annual audited financial statements
- 34 exist, other than the internal controls that are included in the
- 35 Section 404 report.
- 36 (e) If:
- 37 (1) a domestic insurer or group of insurers is described in
- 38 subsection (c)(1); and
- 39 (2) the domestic insurer's or group of insurers' internal
- 40 controls over financial reporting that have a material impact
- 41 on the preparation of the domestic insurer's or group of
- 42 insurers' annual audited financial statements are not all



1 included in the Section 404 report;
2 the domestic insurer or group of insurers shall file a report of
3 management's internal control over financial reporting as required
4 by this section for the internal controls that have a material impact
5 and are not included in the Section 404 report.

6 (f) A domestic insurer's or group of insurers' report of
7 management's internal control over financial reporting required
8 by this section must include the following:

9 (1) A statement that management is responsible for
10 establishment and maintenance of adequate internal control
11 over financial reporting.

12 (2) A statement that management has established internal
13 control over financial reporting and an assertion of whether,
14 to the best of management's knowledge and belief after
15 diligent inquiry, management's internal control over financial
16 reporting is effective to provide reasonable assurance
17 regarding the reliability of financial statements in accordance
18 with statutory accounting principles.

19 (3) A statement that briefly describes the approach or
20 processes by which management evaluated the effectiveness
21 of management's internal control over financial reporting.

22 (4) A statement that briefly describes the scope of work that
23 is included in the report and whether any of management's
24 internal controls over financial reporting were excluded.

25 (5) Disclosure of any unremediated material weaknesses in the
26 management's internal control over financial reporting
27 identified by management as of the immediately preceding
28 December 31. The management may not conclude that the
29 internal control over financial reporting is effective to provide
30 reasonable assurance regarding the reliability of annual
31 audited financial statements in accordance with statutory
32 accounting principles if one (1) or more unremediated
33 material weaknesses exist in the management's internal
34 control over financial reporting.

35 (6) A statement regarding the inherent limitations of the
36 management's internal control over financial reporting.

37 (7) Signatures of the chief executive officer and the chief
38 financial officer, or equivalent position, of the domestic
39 insurer or group of insurers.

40 (g) A domestic insurer's or group of insurers' management shall
41 document and make available upon financial condition
42 examination the basis on which the management's assertions



1 described in subsection (f) are made. The management's assertions
 2 may be based, in part, upon the management's review, monitoring,
 3 and testing of internal controls over financial reporting that are
 4 undertaken in the normal course of the management's activities.
 5 The management may determine the nature of the internal control
 6 framework used and the nature and extent of documentation to
 7 make the management's assertion in a cost effective manner,
 8 including assembly of or reference to existing documentation.

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

13 SECTION 18. IC 27-1-4.1 IS ADDED TO THE INDIANA CODE
 14 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2015]:

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

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

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

19 **(1) Impose corporate governance standards or internal**
 20 **procedures that are not otherwise required under IC 27.**

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

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

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

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

31 **(1) refers only to domestic insurers (as defined in**
 32 **IC 27-1-36-8); and**

33 **(2) does not include agencies, authorities, or instrumentalities**
 34 **of the United States, possessions and territories of the United**
 35 **States, the Commonwealth of Puerto Rico, the District of**
 36 **Columbia, or a state or political subdivision of a state.**

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

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

42 **(1) to the commissioner; or**



1 (2) if the insurer is a member of an insurance group, to the
 2 lead state commissioner of the insurance group (as
 3 determined by the procedures in the most recent Financial
 4 Analysis Handbook adopted by the NAIC) according to the
 5 law of the lead state;

6 a CGAD.

7 (b) An insurer that is a member of an insurance group and not
 8 required to submit a CGAD to the commissioner under subsection
 9 (a) shall submit a CGAD to the commissioner upon the
 10 commissioner's request.

11 (c) A CGAD submitted under this section must include the
 12 signature of the insurer's or insurance group's chief executive
 13 officer or corporate secretary attesting that to the best of the chief
 14 executive officer's or corporate secretary's knowledge the insurer
 15 has:

- 16 (1) implemented corporate governance procedures; and
- 17 (2) provided a copy of the CGAD to the insurer's board of
 18 directors or the appropriate committee of the board of
 19 directors.

20 Sec. 7. (a) Subject to subsection (b), an insurer or insurance
 21 group may complete a CGAD using corporate governance
 22 information at the level of disclosure at which the insurer's or
 23 insurance group's system of corporate governance is structured, as
 24 follows:

- 25 (1) The ultimate controlling parent level.
- 26 (2) An intermediate holding company level.
- 27 (3) The individual legal entity level.

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

- 31 (1) The level at which the insurer's or insurance group's risk
 32 tolerance is determined.
- 33 (2) The level at which the insurer's or insurance group's
 34 earnings, capital, liquidity, operations, and reputation are:
 35 (A) collectively overseen; and
 36 (B) supervised.
- 37 (3) The level at which legal liability for failure of general
 38 corporate governance would be placed.

39 (c) If the insurer or insurance group chooses the level of
 40 disclosure at which to complete a CGAD under subsection (a)
 41 according to a criterium described in subsection (b), the insurer or
 42 insurance group shall:



1 (1) indicate which of the three (3) criteria was used to
2 determine the level of disclosure; and

3 (2) explain any change in the level of disclosure that is
4 subsequently used.

5 **Sec. 8. If a CGAD is submitted by an insurer as a member of an**
6 **insurance group, the lead state commissioner of the insurance**
7 **group (as determined by the procedures in the most recent**
8 **Financial Analysis Handbook adopted by the NAIC) shall:**

9 (1) review a CGAD submitted under section 6 of this chapter;
10 and

11 (2) make any requests for additional information.

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

13 (1) submits, in other:

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

17 (B) state or federal filings provided to the department;
18 information that is substantially similar to the information
19 required by this chapter; and

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

22 the insurer or insurance group is not required to duplicate the
23 information in the CGAD.

24 **Sec. 10. (a) If a CGAD contains the material information**
25 **necessary to allow the reviewing commissioner to understand the**
26 **insurer's or insurance group's corporate governance structure,**
27 **policies, and procedures, the insurer or insurance group may**
28 **determine whether to respond to a request from the reviewing**
29 **commissioner for additional information.**

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

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

34 (2) reporting or information system; or

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

36 the commissioner may request the additional information.

37 (c) A CGAD must be:

38 (1) prepared in a manner consistent with the NAIC's
39 Corporate Governance Annual Disclosure Model Regulation;
40 and

41 (2) made available to the commissioner upon:

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



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(B) request of the commissioner.

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

- (1) considered to be proprietary and contain trade secrets;
- (2) confidential and privileged;
- (3) not subject to subpoena; and
- (4) not subject to discovery or admissible in evidence in a private civil action.

(b) The commissioner may:

- (1) use the documents, materials, and other information described in subsection (a) in relation to a regulatory or legal action brought as part of the commissioner's duties; and
- (2) otherwise make the documents, materials, and other information public only with the prior written consent of the insurer.

This subsection does not require an insurer's or insurance group's written consent for the commissioner to share or receive documents, materials, or information described in subsection (a) in the performance of the commissioner's duties.

(c) The commissioner, and any other person:

- (1) who receives documents, materials, or other information related to a CGAD while acting under the authority of the commissioner; or
- (2) with whom the documents, materials, or other information are shared;

under this chapter is not permitted or required to testify in a private civil action concerning any documents, materials, or other information described in subsection (a).

(d) The commissioner may, in the performance of the commissioner's duties, do the following:

- (1) Upon request, share all documents, materials, and other information described in subsection (a) with the following if the recipient agrees in writing, and provides written verification that the recipient has the legal authority, to maintain the confidential and privileged status of the documents, materials, and other information:
 - (A) Other state, federal, and international financial regulatory agencies.
 - (B) The NAIC.
 - (C) Members of a supervisory college (as defined in



- 1 **IC 27-1-23-1).**
 2 **(D) A third party consultant under section 12 of this**
 3 **chapter.**
 4 **(2) Receive all documents, materials, and other information**
 5 **described in subsection (a) from:**
 6 **(A) other state, federal, and international financial**
 7 **regulatory agencies;**
 8 **(B) members of a supervisory college (as defined in**
 9 **IC 27-1-23-1); and**
 10 **(C) the NAIC;**
 11 **if the commissioner maintains the confidential or privileged**
 12 **status of the documents, materials, and other information that**
 13 **are received with notice or the understanding that the**
 14 **documents, materials, and other information are confidential**
 15 **or privileged under the laws of the jurisdiction that is the**
 16 **source of the documents, materials, and other information.**
 17 **(e) The sharing of information by the commissioner under this**
 18 **chapter is not a delegation of regulatory authority. The**
 19 **commissioner is solely responsible for the administration,**
 20 **implementation, and enforcement of this chapter.**
 21 **(f) Disclosure to or sharing by the commissioner of documents,**
 22 **materials, or other information under this chapter is not a waiver**
 23 **of any applicable privilege or claim of confidentiality in the**
 24 **documents, materials, or other information.**
 25 **Sec. 12. (a) The commissioner may, at the insurer's expense,**
 26 **retain third party consultants, including attorneys, actuaries,**
 27 **accountants, and others who are not part of the commissioner's**
 28 **staff, that:**
 29 **(1) the commissioner considers necessary to review a CGAD,**
 30 **related information, or the insurer's or insurance group's**
 31 **compliance with this chapter; and**
 32 **(2) have verified, with notice to the insurer, that the third**
 33 **party consultant:**
 34 **(A) has no conflict of interest affecting the commissioner's**
 35 **retention of the third party consultant; and**
 36 **(B) has internal procedures to:**
 37 **(i) monitor whether a conflict of interest arises after the**
 38 **third party consultant has been retained; and**
 39 **(ii) comply with the confidentiality requirements of this**
 40 **chapter.**
 41 **(b) A third party consultant who is retained under subsection**
 42 **(a) is under the direction and control of the commissioner and acts**



- 1 only in an advisory capacity.
- 2 (c) The NAIC and a third party consultant who is retained
- 3 under subsection (a) are subject to the same confidentiality
- 4 requirements as the confidentiality requirements that apply to the
- 5 commissioner under this chapter. The NAIC may share
- 6 information received under this chapter only with state regulators
- 7 from states in which insurers that are members of an insurance
- 8 group are domiciled.
- 9 (d) The commissioner shall enter into a written agreement with
- 10 the NAIC or a third party consultant governing sharing and use of
- 11 information provided under this chapter, including the following:
- 12 (1) Procedures and protocols concerning the confidentiality
- 13 and security of information shared:
- 14 (A) with the NAIC or third party consultant under this
- 15 chapter; and
- 16 (B) by the NAIC with regulators of other states in which
- 17 insurers that are members of an insurance group are
- 18 domiciled.
- 19 (2) A statement that the recipient:
- 20 (A) agrees in writing; and
- 21 (B) provides written verification that the recipient has the
- 22 legal authority;
- 23 to maintain the confidential and privileged status of the
- 24 documents, materials, and other information.
- 25 (3) A statement that, with respect to information shared with
- 26 the NAIC or third party consultant under this chapter:
- 27 (A) the commissioner maintains ownership of the
- 28 information; and
- 29 (B) the use of the information is subject to the direction of
- 30 the commissioner.
- 31 (4) A statement that the NAIC or third party consultant may
- 32 not store information shared under this chapter in a
- 33 permanent data base after the underlying analysis is
- 34 completed.
- 35 (5) A requirement that, if CGAD related information of an
- 36 insurer that is in the possession of the NAIC or third party
- 37 consultant under this chapter is subject to a request or
- 38 subpoena to the NAIC or third party consultant for
- 39 production or disclosure, the NAIC or third party consultant
- 40 will provide prompt notice to the commissioner and to the
- 41 insurer or insurance group.
- 42 (6) A requirement that the NAIC or third party consultant



1 will allow intervention by an insurer in a judicial or
 2 administrative action under which the NAIC or third party
 3 consultant may be required to disclose confidential
 4 information concerning the insurer that has been shared with
 5 the NAIC or third party consultant under this chapter.

6 (7) An express requirement that the written consent of the
 7 insurer or insurance group is required before the NAIC or
 8 third party consultant makes public any information shared
 9 under this chapter.

10 Sec. 13. (a) An insurer that fails, without just cause (as
 11 determined by the commissioner), to timely file a CGAD as
 12 required by this chapter shall, after notice and hearing under
 13 IC 4-21.5, pay a civil penalty of one hundred dollars (\$100) for
 14 each day of noncompliance, not to exceed ten thousand dollars
 15 (\$10,000).

16 (b) The commissioner may reduce a penalty imposed under
 17 subsection (a) if the insurer demonstrates to the commissioner that
 18 the imposition of the penalty would constitute a financial hardship
 19 to the insurer.

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

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

24 Sec. 15. The commissioner may adopt rules under IC 4-22-2 to
 25 implement this chapter.

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

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

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

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

37 (4) signature of the commissioner.

38 SECTION 20. IC 27-1-15.6-2, AS AMENDED BY P.L.276-2013,
 39 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 40 JULY 1, 2015]: Sec. 2. The following definitions apply throughout this
 41 chapter, IC 27-1-15.7, and IC 27-1-15.8:

42 (1) "Bureau" refers to the child support bureau established by



- 1 IC 31-25-3-1.
 2 (2) "Business entity" means a corporation, an association, a
 3 partnership, a limited liability company, a limited liability
 4 partnership, or another legal entity.
 5 (3) "Commissioner" means the insurance commissioner appointed
 6 under IC 27-1-1-2.
 7 (4) "Consultant" means a person who:
 8 (A) holds himself or herself out to the public as being engaged
 9 in the business of offering; or
 10 (B) for a fee, offers;
 11 any advice, counsel, opinion, or service with respect to the
 12 benefits, advantages, or disadvantages promised under any policy
 13 of insurance that could be issued in Indiana.
 14 (5) "Delinquent" means the condition of being at least:
 15 (A) two thousand dollars (\$2,000); or
 16 (B) three (3) months;
 17 past due in the payment of court ordered child support.
 18 **(6) "Designated home state license" means a license issued by**
 19 **the commissioner to an insurance producer who:**
 20 **(A) maintains the insurance producer's principal place of**
 21 **residence or principal place of business in a state that does**
 22 **not license insurance producers for the line of authority for**
 23 **which the insurance producer seeks licensure in Indiana;**
 24 **and**
 25 **(B) is permitted by the commissioner to designate Indiana**
 26 **as the insurance producer's non-resident home state.**
 27 ~~(6)~~ (7) "FINRA" refers to the independent Financial Industry
 28 Regulatory Authority.
 29 ~~(7)~~ (8) "Home state" means the District of Columbia or any state
 30 or territory of the United States in which an insurance producer:
 31 (A) maintains the insurance producer's principal place of
 32 residence or principal place of business; and
 33 (B) is licensed to act as an insurance producer.
 34 ~~(8)~~ (9) "Insurance producer" means a person required to be
 35 licensed under the laws of Indiana to sell, solicit, or negotiate
 36 insurance.
 37 ~~(9)~~ (10) "License" means a document issued by the commissioner
 38 authorizing a person to act as an insurance producer for the lines
 39 of authority specified in the document. The license itself does not
 40 create any authority, actual, apparent, or inherent, in the holder to
 41 represent or commit an insurance carrier.
 42 ~~(10)~~ (11) "Limited line credit insurance" includes the following:



- 1 (A) Credit life insurance.
 2 (B) Credit disability insurance.
 3 (C) Credit property insurance.
 4 (D) Credit unemployment insurance.
 5 (E) Involuntary unemployment insurance.
 6 (F) Mortgage life insurance.
 7 (G) Mortgage guaranty insurance.
 8 (H) Mortgage disability insurance.
 9 (I) Guaranteed automobile protection (gap) insurance.
 10 (J) Any other form of insurance:
 11 (i) that is offered in connection with an extension of credit
 12 and is limited to partially or wholly extinguishing that credit
 13 obligation; and
 14 (ii) that the insurance commissioner determines should be
 15 designated a form of limited line credit insurance.
- 16 ~~(11)~~ **(12)** "Limited line credit insurance producer" means a person
 17 who sells, solicits, or negotiates one (1) or more forms of limited
 18 line credit insurance coverage to individuals through a master,
 19 corporate, group, or individual policy.
- 20 ~~(12)~~ **(13)** "Limited lines insurance" means any of the following:
 21 (A) The lines of insurance defined in section 18 of this
 22 chapter.
 23 (B) Any line of insurance the recognition of which is
 24 considered necessary by the commissioner for the purpose of
 25 complying with section 8(e) of this chapter.
 26 (C) For purposes of section 8(e) of this chapter, any form of
 27 insurance with respect to which authority is granted by a home
 28 state that restricts the authority granted by a limited lines
 29 producer's license to less than total authority in the associated
 30 major lines described in section 7(a)(1) through 7(a)(6) of this
 31 chapter.
- 32 ~~(13)~~ **(14)** "Limited lines producer" means a person authorized by
 33 the commissioner to sell, solicit, or negotiate limited lines
 34 insurance.
- 35 ~~(14)~~ **(15)** "Limited lines travel insurance producer" means a
 36 person designated by an insurer to sell, solicit, or negotiate a
 37 travel insurance policy. The term includes the following:
 38 (A) A managing general underwriter.
 39 (B) A managing general agent.
 40 (C) A limited lines producer.
- 41 ~~(15)~~ **(16)** "Negotiate" means the act of conferring directly with or
 42 offering advice directly to a purchaser or prospective purchaser of



- 1 a particular contract of insurance concerning any of the
 2 substantive benefits, terms, or conditions of the contract, provided
 3 that the person engaged in that act either sells insurance or
 4 obtains insurance from insurers for purchasers.
- 5 ~~(16)~~ **(17)** "Person" means an individual or a business entity.
- 6 ~~(17)~~ **(18)** "Sell" means to exchange a contract of insurance by any
 7 means, for money or its equivalent, on behalf of a company.
- 8 ~~(18)~~ **(19)** "Solicit" means attempting to sell insurance or asking or
 9 urging a person to apply for a particular kind of insurance from a
 10 particular company.
- 11 ~~(19)~~ **(20)** "Surplus lines producer" means a person who sells,
 12 solicits, negotiates, or procures from an insurance company not
 13 licensed to transact business in Indiana an insurance policy that
 14 cannot be procured from insurers licensed to do business in
 15 Indiana.
- 16 ~~(20)~~ **(21)** "Terminate" means:
- 17 (A) the cancellation of the relationship between an insurance
 18 producer and the insurer; or
- 19 (B) the termination of a producer's authority to transact
 20 insurance.
- 21 ~~(21)~~ **(22)** "Travel insurance" means insurance coverage for
 22 personal risks incident to planned travel, including the following:
- 23 (A) Interruption or cancellation of a trip or an event.
 24 (B) Loss of baggage or personal effects.
 25 (C) Damage to accommodations or rental vehicles.
 26 (D) Sickness, accident, disability, or death that occurs during
 27 travel.
- 28 The term does not include a major medical plan that provides
 29 comprehensive medical insurance for a traveler on a trip that lasts
 30 at least six (6) months, including a traveler who is an individual
 31 who works overseas as an expatriot or is deployed as a member of
 32 the military.
- 33 ~~(22)~~ **(23)** "Travel retailer" means a business entity that offers and
 34 delivers travel insurance on behalf of and under the direction of
 35 a limited lines travel insurance producer.
- 36 ~~(23)~~ **(24)** "Uniform business entity application" means the current
 37 version of the national association of insurance commissioners
 38 uniform business entity application for resident and nonresident
 39 business entities.
- 40 ~~(24)~~ **(25)** "Uniform application" means the current version of the
 41 national association of insurance commissioners uniform
 42 application for resident and nonresident producer licensing.



1 SECTION 21. IC 27-1-15.6-8.2 IS ADDED TO THE INDIANA
 2 CODE AS A NEW SECTION TO READ AS FOLLOWS
 3 [EFFECTIVE JULY 1, 2015]: **Sec. 8.2. (a) Unless denied licensure**
 4 **under section 12 of this chapter, a person that is not a resident of**
 5 **Indiana shall receive a designated home state license if:**

6 (1) the person has requested licensure in Indiana for a line of
 7 authority for which licensure is not required in the person's
 8 home state;

9 (2) the person has submitted the proper request for licensure
 10 and has paid the fees required under section 32 of this
 11 chapter;

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

14 (4) the person has complied with the pre-licensing and
 15 continuing education requirements that apply to an insurance
 16 producer that:

17 (A) is a resident of Indiana; and

18 (B) applies for the line of authority described in
 19 subdivision (1).

20 (b) The commissioner may verify an insurance producer's
 21 licensing status through the Producer Database maintained by the
 22 National Association of Insurance Commissioners and its affiliates
 23 or subsidiaries.

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

30 (d) A person that:

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

32 (2) becomes a resident of a state that requires licensure for the
 33 line of authority for which the person holds the designated
 34 home state license;

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

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

41 SECTION 22. IC 27-1-15.6-32, AS AMENDED BY P.L.234-2007,
 42 SECTION 190, IS AMENDED TO READ AS FOLLOWS



1 [EFFECTIVE JULY 1, 2015]: Sec. 32. (a) The department shall adopt
 2 rules under IC 4-22-2 to set fees for licensure under this chapter,
 3 IC 27-1-15.7, and IC 27-1-15.8.

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

- 7 (1) resident license is forty dollars (\$40); ~~and~~
 8 (2) nonresident license is ninety dollars (\$90); **and**
 9 **(3) designated home state license is ninety dollars (\$90).**

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

11 (d) Surplus lines producer renewal fees are due every two (2) years.
 12 The fee charged by the department every two (2) years for a:

- 13 (1) resident license is eighty dollars (\$80); and
 14 (2) nonresident license is one hundred twenty dollars (\$120).

15 (e) The commissioner may issue a duplicate license for any license
 16 issued under this chapter. The fee charged by the commissioner for the
 17 issuance of a duplicate:

- 18 (1) insurance producer license;
 19 (2) surplus lines producer license;
 20 (3) limited lines producer license; or
 21 (4) consultant license;

22 may not exceed ten dollars (\$10).

23 (f) A fee charged and collected under this section shall be deposited
 24 into the department of insurance fund established by IC 27-1-3-28.

25 SECTION 23. IC 27-1-23-4, AS AMENDED BY P.L.81-2012,
 26 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 27 JULY 1, 2015]: Sec. 4. (a) Material transactions within an insurance
 28 holding company system to which an insurer subject to registration is
 29 a party shall be subject to the following standards:

- 30 (1) The terms shall be fair and reasonable.
 31 (2) Agreements concerning cost sharing services and management
 32 must include provisions required by the commissioner in rules
 33 adopted under IC 4-22-2.
 34 (3) The charges or fees for services performed shall be
 35 reasonable.
 36 (4) The expenses incurred and payment received shall be
 37 allocated to the insurer in conformity with customary insurance
 38 accounting practices consistently applied.
 39 (5) The books, accounts, and records of each party as to all
 40 transactions described in this subsection shall be so maintained as
 41 to clearly and accurately disclose the nature and details of the
 42 transactions, including accounting information necessary to



- 1 support the reasonableness of the charges or fees to the respective
 2 parties.
- 3 (6) The insurer's surplus as regards policyholders following any
 4 transactions with affiliates or shareholder dividend shall be
 5 reasonable in relation to the insurer's outstanding liabilities and
 6 adequate to its financial needs.
- 7 (b) The following transactions involving a domestic insurer and any
 8 person in its insurance holding company system (including
 9 amendments or modifications to affiliate agreements previously filed
 10 under this chapter) that are subject to any materiality standards
 11 described in subdivisions (1) through ~~(5)~~ (7) may not be entered into
 12 unless the insurer has notified the commissioner in writing of its
 13 intention to enter into such transaction at least thirty (30) days prior
 14 thereto, or such shorter period as the commissioner may permit, and the
 15 commissioner has not disapproved it within that period:
- 16 (1) Sales, purchases, exchanges, loans or extensions of credit,
 17 guarantees, or investments, provided those transactions are equal
 18 to or exceed:
- 19 (A) with respect to nonlife insurers, the lesser of three percent
 20 (3%) of the insurer's admitted assets or twenty-five percent
 21 (25%) of surplus as regards policyholders; and
 22 (B) with respect to life insurers, three percent (3%) of the
 23 insurer's admitted assets;
 24 each as of December 31 next preceding.
- 25 (2) Loans or extensions of credit to any person who is not an
 26 affiliate, where the insurer makes those loans or extensions of
 27 credit with the agreement or understanding that the proceeds of
 28 such transactions, in whole or in substantial part, are to be used
 29 to make loans or extensions of credit to, to purchase assets of, or
 30 to make investments in, any affiliate of the insurer making such
 31 loans or extensions of credit, provided those transactions are
 32 equal to or exceed:
- 33 (A) with respect to nonlife insurers, the lesser of three percent
 34 (3%) of the insurer's admitted assets or twenty-five percent
 35 (25%) of surplus as regards policyholders; and
 36 (B) with respect to life insurers, three percent (3%) of the
 37 insurer's admitted assets;
 38 each as of December 31 next preceding.
- 39 (3) Reinsurance agreements or modifications thereto, including:
- 40 (A) reinsurance pooling agreements; and
 41 (B) agreements under which:
 42 (i) a reinsurance premium;



- 1 (ii) a change in the insurer's liabilities; or
 2 (iii) the projected reinsurance premium;
 3 in any of the immediately succeeding three (3) years equals or
 4 exceeds five percent (5%) of the insurer's surplus as regards
 5 policyholders, as of December 31 next preceding, including
 6 those agreements that may require as consideration the transfer
 7 of assets from an insurer to a nonaffiliate, if an agreement or
 8 understanding exists between the insurer and nonaffiliate that
 9 any portion of the assets will be transferred to one (1) or more
 10 affiliates of the insurer.
- 11 (4) Management agreements, service contracts, cost-sharing
 12 arrangements, lease agreements, and tax allocation agreements.
- 13 **(5) Guarantees made by the insurer, only as follows:**
 14 **(A) A guarantee, the amount of which is not quantifiable.**
 15 **(B) A guarantee, the amount of which is quantifiable, if the**
 16 **amount of the guarantee exceeds the lesser of:**
 17 **(i) one-half of one percent (0.5%) of the insurer's**
 18 **admitted assets; or**
 19 **(ii) ten percent (10%) of surplus as regards**
 20 **policyholders;**
 21 **on December 31 of the immediately preceding calendar**
 22 **year.**
- 23 **(6) Direct or indirect acquisitions or investments, as follows:**
 24 **(A) In:**
 25 **(i) a person that controls the insurer; or**
 26 **(ii) an affiliate of the insurer in an amount that, together**
 27 **with the insurer's present holdings in the investments,**
 28 **exceeds two and one-half percent (2.5%) of the insurer's**
 29 **surplus to policyholders.**
 30 **(B) This subdivision does not apply to direct or indirect**
 31 **acquisitions or investments in:**
 32 **(i) subsidiaries acquired under section 2.6 of this**
 33 **chapter; or**
 34 **(ii) non-subsidiary insurance affiliates that are subject to**
 35 **this chapter.**
- 36 ~~(5)~~ (7) Material transactions, specified by rule, that the
 37 commissioner determines may adversely affect the interests of the
 38 insurer's policyholders.
 39 This subsection does not authorize or permit any transactions that, in
 40 the case of an insurer not a member of the same insurance holding
 41 company system, would be otherwise contrary to law. Notice
 42 concerning amendments or modifications of a transaction must include



1 the reasons for the change and the financial impact on the domestic
2 insurer. Not more than thirty (30) days after an agreement that was
3 previously filed under this section is terminated, the domestic insurer
4 shall send written notice of the termination to the commissioner. The
5 commissioner shall determine whether a filing concerning the
6 termination is required and shall notify the domestic insurer of the
7 commissioner's determination.

8 (c) A domestic insurer may not enter into transactions that are part
9 of a plan or series of like transactions with persons within the insurance
10 holding company system if the purpose of those separate transactions
11 is to avoid the statutory threshold amount and thus avoid the review
12 that would occur otherwise.

13 (d) The commissioner, in reviewing transactions pursuant to
14 subsection (b), shall consider whether the transactions comply with the
15 standards set forth in subsection (a) and whether the transactions may
16 adversely affect the interests of policyholders.

17 (e) The commissioner shall be notified within thirty (30) days of any
18 investment of the domestic insurer in any one (1) corporation if the
19 total investment in that corporation by the insurance holding company
20 system exceeds ten percent (10%) of the corporation's voting securities.

21 (f) For purposes of this chapter, in determining whether an insurer's
22 surplus is reasonable in relation to the insurer's outstanding liabilities
23 and adequate to its financial needs, the following factors, among others,
24 shall be considered:

- 25 (1) The size of the insurer as measured by its assets, capital and
26 surplus, reserves, premium writings, insurance in force and other
27 appropriate criteria.
- 28 (2) The extent to which the insurer's business is diversified among
29 the several lines of insurance.
- 30 (3) The number and size of risks insured in each line of business.
- 31 (4) The extent of the geographical dispersion of the insurer's
32 insured risks.
- 33 (5) The nature and extent of the insurer's reinsurance program.
- 34 (6) The quality, diversification, and liquidity of the insurer's
35 investment portfolio.
- 36 (7) The recent past and projected future trend in the size of the
37 insurer's surplus as regards policyholders.
- 38 (8) The surplus as regards policyholders maintained by other
39 comparable insurers in respect of the factors described in
40 subdivisions (1) through (7).
- 41 (9) The adequacy of the insurer's reserves.
- 42 (10) The quality and liquidity of investments in subsidiaries,



1 except that the commissioner may discount or treat any such
2 investment in subsidiaries as a disallowed asset for purposes of
3 determining the adequacy of surplus whenever in the
4 commissioner's judgment such investment so warrants.

5 (11) The quality of the earnings of the insurer and the extent to
6 which the reported earnings of the insurer include extraordinary
7 items.

8 (g) No domestic insurer subject to registration under section 3 of
9 this chapter shall pay an extraordinary dividend or make any other
10 extraordinary distribution to its security holders until:

11 (1) thirty (30) days after the commissioner has received notice of
12 the declaration thereof and has not within such period
13 disapproved such payment; or

14 (2) the commissioner shall have approved such payment within
15 such thirty (30) day period.

16 (h) For purposes of subsection (g), an extraordinary dividend or
17 distribution is any dividend or distribution of cash or other property
18 whose fair market value, together with that of other dividends or
19 distributions made within the twelve (12) consecutive months ending
20 on the date on which the proposed dividend or distribution is scheduled
21 to be made, exceeds the greater of:

22 (1) ten percent (10%) of such insurer's surplus as regards
23 policyholders as of the most recently preceding December 31; or

24 (2) the net gain from operations of such insurer, if such insurer is
25 a life insurer, or the net income, if such insurer is not a life
26 insurer, for the twelve (12) month period ending on the most
27 recently preceding December 31.

28 (i) Notwithstanding any other provision of law, a domestic insurer
29 may declare an extraordinary dividend or distribution which is
30 conditional upon the commissioner's approval thereof, but such a
31 declaration shall confer no rights upon shareholders until:

32 (1) the commissioner has approved the payment of such dividend
33 or distribution; or

34 (2) the commissioner has not disapproved the payment within the
35 thirty (30) day period referred to in subsection (g).

36 (j) The commissioner may impose a civil penalty of five thousand
37 dollars (\$5,000) on a person who fails to file a transaction as required
38 by this section. The commissioner shall deposit a civil penalty collected
39 under this subsection in the department of insurance fund established
40 by IC 27-1-3-28.

41 SECTION 24. IC 27-1-27-3 IS AMENDED TO READ AS
42 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 3. (a) The



1 commissioner of insurance shall issue resident and nonresident public
2 adjusters' certificates of authority to each person who:

3 (1) has complied with the requirements of this chapter, including
4 the payment of fees, the completion of the examination, and, in
5 the case of a nonresident applicant, the service of process
6 designation;

7 (2) is at least eighteen (18) years of age; and

8 (3) has not been convicted of:

9 (A) an act which would constitute a ground for disciplinary
10 sanction under section 7 7.1 of this chapter; or

11 (B) a felony that has a direct bearing on his ability to practice
12 competently.

13 A certificate of authority may be issued to a corporation that has one
14 (1) or more officers, directors, or employees who have been issued
15 public adjusters' certificates of authority. However, a corporation may
16 practice public adjusting only through its officers, directors, or
17 employees who have been issued certificates under this chapter.

18 (b) The commissioner of insurance may issue a resident certificate
19 of authority only to an applicant who is a bona fide resident of Indiana.

20 (c) The commissioner may issue a nonresident certificate of
21 authority only to a nonresident of Indiana who holds an equivalent
22 resident certificate of authority or a license issued under the laws of
23 any other state, any territorial possession of the United States, or any
24 foreign country.

25 SECTION 25. IC 27-1-27-7 IS REPEALED [EFFECTIVE JULY 1,
26 2015]. Sec. 7. (a) As used in this section, "practitioner" means an
27 individual or corporation who or which holds a certificate of authority
28 under this chapter.

29 (b) A practitioner shall conduct the practice of public adjusting in
30 accordance with the standards established by the commissioner of
31 insurance under section 8 of this chapter and is subject to the exercise
32 of the disciplinary sanctions under subsection (c); if after a hearing, the
33 commissioner finds:

34 (1) the practitioner has employed or knowingly cooperated in
35 fraud or material deception in order to obtain a certificate to
36 practice public adjusting; or has engaged in fraud or material
37 deception in the course of professional services or activities; or
38 has advertised services in a false or misleading manner;

39 (2) the practitioner has been convicted of a crime which has direct
40 bearing on the practitioner's ability to continue to practice
41 competently;

42 (3) a practitioner has knowingly violated any rule adopted by the



- 1 commissioner under section 8 of this chapter;
- 2 (4) a practitioner has continued to practice although he has
- 3 become unfit to practice public adjusting due to:
- 4 (A) professional incompetence;
- 5 (B) failure to keep abreast of current professional theory or
- 6 practice;
- 7 (C) physical or mental disability; or
- 8 (D) addiction or severe dependency upon alcohol or other
- 9 drugs which endangers the public by impairing a practitioner's
- 10 ability to practice safely;
- 11 (5) a practitioner has engaged in a course of lewd or immoral
- 12 conduct in connection with the delivery of services to clients; or
- 13 (6) a practitioner has allowed his name or a certificate issued to
- 14 him under this chapter to be used in connection with any
- 15 individual who renders public adjusting services beyond the scope
- 16 of his training, experience, or competence.
- 17 (c) The commissioner of insurance may order a practitioner to
- 18 submit to a reasonable physical or mental examination if his physical
- 19 or mental capacity to practice safely is at issue in a disciplinary
- 20 proceeding.
- 21 (d) Failure to comply with an order under subsection (c) shall render
- 22 a practitioner liable to the summary revocation procedures under
- 23 subsection (f).
- 24 (e) The commissioner of insurance may impose any of the following
- 25 sanctions, singly or in combination, when he finds that a practitioner
- 26 is guilty of any offense under subsection (b):
- 27 (1) Permanently revoke a practitioner's certificate.
- 28 (2) Suspend a practitioner's certificate.
- 29 (3) Censure a practitioner.
- 30 (4) Issue a letter of reprimand.
- 31 (5) Place a practitioner on probation status and require the
- 32 practitioner to:
- 33 (A) report regularly to the commissioner upon the matters
- 34 which are the basis of probation;
- 35 (B) limit practice to those areas prescribed by the
- 36 commissioner; or
- 37 (C) continue or renew professional education under a
- 38 practitioner approved by the commissioner until a satisfactory
- 39 degree of skill has been attained in those areas which are the
- 40 basis of the probation.
- 41 The commissioner may withdraw a probation order if he finds that
- 42 the deficiency which required disciplinary action has been



1 remedied:

2 (f) The commissioner of insurance may summarily suspend a
3 practitioner's certificate for a period of ninety (90) days in advance of
4 a final adjudication or during the appeals process if the commissioner
5 finds that a practitioner represents a clear and immediate danger to the
6 public health and safety if he is allowed to continue to practice. The
7 summary suspension may be renewed upon a hearing before the
8 commissioner, and each renewal may be for a period of ninety (90)
9 days or less.

10 (g) The commissioner of insurance may reinstate a certificate which
11 has been suspended under this chapter if, after a hearing, the
12 commissioner is satisfied that the applicant is able to practice public
13 adjusting with reasonable skill and safety to clients. As a condition of
14 reinstatement, the commissioner may impose disciplinary or corrective
15 measures authorized under this chapter.

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

20 (i) The commissioner of insurance may initiate proceedings under
21 this section on his own motion or on the verified written complaint of
22 any interested person. All such proceedings shall be conducted in
23 accordance with IC 4-21-5.

24 SECTION 26. IC 27-1-27-7.1 IS ADDED TO THE INDIANA
25 CODE AS A NEW SECTION TO READ AS FOLLOWS
26 [EFFECTIVE JULY 1, 2015]: **Sec. 7.1. (a) The commissioner may
27 suspend, revoke, or refuse to issue or renew a public adjuster's
28 certificate of authority to act as a public adjuster in Indiana, or
29 place a public adjuster on probation, for a cause set forth in
30 subsection (b).**

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

33 **(1) Providing incorrect, misleading, incomplete, or materially
34 untrue information in an application for a certificate of
35 authority.**

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

38 **(3) Obtaining or attempting to obtain a certificate of authority
39 through misrepresentation or fraud.**

40 **(4) Improperly withholding, misappropriating, or converting
41 money or property received in the course of doing insurance
42 business.**



- 1 **(5) Intentionally misrepresenting the terms of an actual or**
 2 **proposed insurance contract or application for insurance.**
 3 **(6) Having been convicted of a felony.**
 4 **(7) Having admitted or been found to have committed any**
 5 **unfair trade practice or fraud in the business of insurance.**
 6 **(8) Using fraudulent, coercive, or dishonest practices, or**
 7 **demonstrating incompetence, untrustworthiness, or financial**
 8 **irresponsibility, in the conduct of insurance business.**
 9 **(9) Having an insurance license, or the equivalent of an**
 10 **insurance license, probated, suspended, revoked, or refused in**
 11 **another state, province, district, or territory.**
 12 **(10) Forging another person's name to a document related to**
 13 **an insurance transaction.**
 14 **(11) Cheating, including improperly using notes or any other**
 15 **reference material, to complete an examination for an**
 16 **insurance license.**
 17 **(12) Failing to comply with an administrative or court order**
 18 **imposing a child support obligation.**
 19 **(13) Failing to pay state income tax or failing to comply with**
 20 **an administrative or court order directing payment of state**
 21 **income tax.**

22 **(c) If the commissioner refuses an application for a certificate**
 23 **of authority to act as a public adjuster or for the renewal of an**
 24 **existing certificate of authority under this chapter, the**
 25 **commissioner shall notify the applicant or certificate holder in**
 26 **writing, advising of the reason for the refusal. The applicant or**
 27 **certificate holder may, not more than thirty (30) days after**
 28 **receiving the commissioner's notice of refusal, make written**
 29 **demand upon the commissioner for a hearing to determine the**
 30 **reasonableness of the refusal. The hearing must be held under**
 31 **IC 4-21.5 not more than twenty (20) days after the commissioner**
 32 **receives the applicant's or certificate holder's written demand.**

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

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

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

42 SECTION 28. IC 27-1-44-1, AS ADDED BY P.L.119-2014,



1 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
2 JULY 1, 2015]: Sec. 1. As used in this chapter, "property and casualty
3 insurance" means one (1) or more of the types of insurance described
4 in IC 27-1-5-1, Class 2 and Class 3. **The term does not include title
5 insurance (as defined in IC 27-7-3-2).**

6 SECTION 29. IC 27-7-6-2 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 2. "Automobile
8 insurance policy" means a policy delivered or issued for delivery in this
9 state or covering a motor vehicle required to be registered in this state
10 providing coverage for bodily injury and property damage liability,
11 medical payments, and uninsured motorists or any combination thereof,
12 and insuring as the named insured a natural person or more than one
13 (1) natural persons related to each other, resident of the same
14 household, and under which the insured vehicles therein designated are
15 as:

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

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

23 (1) to any policy issued under an automobile assigned risk
24 plan;

25 ~~(2) to any policy insuring more than four (4) automobiles;~~ or
26 ~~(3) (2) to pay any~~ policy covering garage, automobile sales
27 agency, repair shop, service station, or public parking place
28 operation hazards.

29 "Automobile liability coverage" includes only coverage of bodily
30 injury and property damage liability, medical payments and uninsured
31 motorists coverage.

32 "Policy" shall be deemed to mean a policy providing automobile
33 liability coverage.

34 SECTION 30. IC 27-7-14 IS ADDED TO THE INDIANA CODE
35 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
36 JULY 1, 2015]:

37 **Chapter 14. Group Property and Casualty Insurance**

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

40 **(1) The United States Army.**

41 **(2) The United States Navy.**

42 **(3) The United States Air Force.**



1 (4) The United States Marine Corps.

2 (5) The United States Coast Guard.

3 (6) The Indiana National Guard.

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

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

9 Sec. 4. As used in this chapter, "group" means a group of
10 individuals who:

11 (1) have similar professional attributes;

12 (2) belong to the group for purposes other than that of
13 obtaining insurance; and

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

15 Sec. 5. As used in this chapter, "group administrator" means:

16 (1) the officers or directors of a group; or

17 (2) another person legally vested with the responsibility to
18 manage the affairs of a group.

19 Sec. 6. As used in this chapter, "group insurance policy" means
20 a policy of insurance that provides liability insurance coverage,
21 and may provide optional physical damage insurance coverage, to
22 participating group members under one (1) master policy:

23 (1) that is issued to a group administrator as the named
24 insured; and

25 (2) under which individual certificates, each with separate
26 limits of liability and coverage, are issued to each
27 participating group member.

28 Sec. 7. As used in this chapter, "motor vehicle insurance" means
29 the type of insurance described in IC 27-1-5-1, Class 2(f).

30 Sec. 8. As used in this chapter, "non-trucking liability
31 insurance" means insurance that provides third party liability
32 coverage for property damage or bodily injury caused by the
33 operation of a for hire motor carrier truck for purposes other than
34 for hire motor carrier truck purposes.

35 Sec. 9. As used in this chapter, "tenant users liability insurance"
36 means insurance that provides liability coverage for property
37 damage or bodily injury to a third party caused by a vendor,
38 exhibitor, or performer during a special event.

39 Sec. 10. An insurer that is authorized under IC 27-1-3-20 to
40 transact business as a casualty insurance company may do the
41 following:

42 (1) If the insurer is licensed to issue motor vehicle insurance,



1 the insurer may issue the following:

2 (A) A group insurance policy that provides non-trucking
3 liability insurance coverage.

4 (B) A group insurance policy that provides motor vehicle
5 insurance coverage to members of the armed forces.

6 (2) If the insurer is licensed to issue casualty and liability
7 insurance, the insurer may issue a group insurance policy that
8 provides tenant users liability insurance.

9 SECTION 31. IC 27-8-15-14 IS AMENDED TO READ AS
10 FOLLOWS [EFFECTIVE JULY 1, 2015]: Sec. 14. (a) **This subsection**
11 **applies only for plan years beginning before January 1, 2016.** As
12 used in this chapter, "small employer" means any person, firm,
13 corporation, limited liability company, partnership, or association
14 actively engaged in business who, on at least fifty percent (50%) of the
15 working days of the employer during the preceding calendar year,
16 employed at least two (2) but not more than fifty (50) eligible
17 employees, the majority of whom work in Indiana. In determining the
18 number of eligible employees, companies that are affiliated companies
19 or that are eligible to file a combined tax return for purposes of state
20 taxation are considered one (1) employer.

21 (b) **This subsection applies only for plan years beginning after**
22 **December 31, 2015.** As used in this chapter, "small employer"
23 means any person, firm, corporation, limited liability company,
24 partnership, or association actively engaged in business who, on at
25 least fifty percent (50%) of the working days of the employer
26 during the preceding calendar year, employed at least one (1) but
27 not more than one hundred (100) eligible employees, the majority
28 of whom work in Indiana. In determining the number of eligible
29 employees, companies that are affiliated companies or that are
30 eligible to file a combined tax return for purposes of state taxation
31 are considered one (1) employer.

32 SECTION 32. IC 27-8-16-6, AS AMENDED BY P.L.234-2007,
33 SECTION 195, IS AMENDED TO READ AS FOLLOWS
34 [EFFECTIVE JULY 1, 2015]: Sec. 6. (a) To remain in effect, a
35 certificate of registration issued under this chapter must be renewed ~~on~~
36 ~~June 30 of each year.~~ **annually.** To obtain the renewal of a certificate
37 of registration, a claim review agent or a claim review consultant must
38 submit an application to the commissioner. The application must be
39 accompanied by a registration fee in the amount set under section 5(d)
40 of this chapter. The commissioner shall deposit a registration fee
41 collected under this subsection into the department of insurance fund
42 established by IC 27-1-3-28.



1 (b) A certificate of registration issued under this chapter may not be
 2 transferred unless the department determines that the person to which
 3 the certificate of registration is to be transferred has satisfied the
 4 requirements of this chapter.

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

10 SECTION 33. IC 27-8-17-10, AS AMENDED BY P.L.234-2007,
 11 SECTION 197, IS AMENDED TO READ AS FOLLOWS
 12 [EFFECTIVE JULY 1, 2015]: Sec. 10. (a) To remain in effect, a
 13 certificate of registration issued under this chapter must be renewed ~~on~~
 14 ~~June 30 of each year:~~ **annually**. To obtain the renewal of a certificate
 15 of registration, a utilization review agent must submit an application to
 16 the commissioner. The application must be accompanied by a
 17 registration fee in the amount set under section 9(d) of this chapter. The
 18 commissioner shall deposit a registration fee collected under this
 19 subsection into the department of insurance fund established by
 20 IC 27-1-3-28.

21 (b) A certificate of registration issued under this chapter may not be
 22 transferred unless the department determines that the entity to whom
 23 the certificate is to be transferred has satisfied the requirements of this
 24 chapter.

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

29 SECTION 34. IC 27-17-2-3, AS ADDED BY P.L.73-2006,
 30 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2015]: Sec. 3. (a) The fee for issuance of a registration under
 32 this chapter is five hundred dollars (\$500).

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

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

38 (d) The department shall renew a registration issued under this
 39 chapter if:

- 40 (1) the fee specified under subsection (c) is paid; and
 41 (2) the commissioner is satisfied that the discount medical card
 42 program organization is in compliance with this article.



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

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

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

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

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

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

