



January 23, 2018

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## SENATE BILL No. 341

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DIGEST OF SB 341 (Updated January 18, 2018 11:36 am - DI 97)

**Citations Affected:** IC 27-1; IC 27-2; IC 27-4; IC 27-6; IC 27-7; IC 27-8; IC 27-11; IC 27-13; IC 27-14; IC 27-15; IC 27-16; IC 27-18.

**Synopsis:** Incorporation of documents. Standardizes terminology used to reference incorporated documents throughout IC 27. Specifies the date on which a particular version of an incorporated document must be in effect for the incorporated document to apply. Provides for the department of insurance to adopt administrative rules to incorporate amendments to the version of a document previously incorporated and annually report on the adoption of those administrative rules. Requires incorporated documents to be available as public records from the department of insurance in paper form and electronically on the department of insurance Internet web site. Makes conforming amendments.

**Effective:** July 1, 2018.

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### Holdman

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January 4, 2018, read first time and referred to Committee on Insurance and Financial Institutions.  
January 22, 2018, amended, reported favorably — Do Pass.

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SB 341—LS 6998/DI 97





January 23, 2018

Second Regular Session 120th General Assembly (2018)

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 2017 Regular Session of the General Assembly.

## SENATE BILL No. 341

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 27-1-1.5 IS ADDED TO THE INDIANA CODE  
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2018]:  
4 **Chapter 1.5. Incorporation by Reference in IC 27**  
5 **Sec. 1. (a) This section does not apply to a reference in this title**  
6 **to either of the following:**  
7 **(1) An Indiana statute.**  
8 **(2) An Indiana administrative rule.**  
9 **(b) If a document to which a provision of this title refers is**  
10 **amended after the later of:**  
11 **(1) the date of publication of the version of the document that**  
12 **is referenced in this title; or**  
13 **(2) January 1, 2018;**  
14 **the commissioner may adopt a rule under IC 4-22-2 to incorporate**  
15 **in the Indiana Administrative Code the amended document.**  
16 **(c) An amended document incorporated by a rule described in**  
17 **subsection (b) is considered to have been incorporated into state**

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1 law beginning on the effective date of the rule for purposes of  
2 regulation of the business of insurance in Indiana.

3 (d) A rule described in subsection (b) must include the  
4 following:

5 (1) The date of the version of the amended document that is  
6 incorporated into state law by reference under the rule.

7 (2) Any other identifying information for the amended  
8 document.

9 (3) Contact information, including the physical address, of the  
10 publisher of the amended document.

11 (4) The location at which the amended document is available  
12 to the public under section 5 of this chapter.

13 (5) The contact information of the individual to whom a  
14 request may be made for public access to the amended  
15 document.

16 (e) The commissioner shall, not later than October 31 of each  
17 year, present to the interim study committee on financial  
18 institutions and insurance established by IC 2-5-1.3-4 any rule  
19 described in subsection (b) that was adopted during the preceding  
20 twelve (12) month period. A presentation required by this  
21 subsection must include a written report that:

22 (1) is submitted in an electronic format under IC 5-14-6; and

23 (2) describes each amendment to each amended document  
24 that was incorporated into state law by reference under the  
25 rule.

26 (f) An amendment to a document to which a provision of this  
27 title refers:

28 (1) that is made after the later of:

29 (A) the date of publication of the version of the document  
30 that is referenced in this title; or

31 (B) January 1, 2018; and

32 (2) is not incorporated into state law by:

33 (A) an act of the general assembly making reference to the  
34 amendment in this title; or

35 (B) the commissioner's adoption of a rule as described in  
36 this section;

37 is not considered to be incorporated into state law for purposes of  
38 the regulation of the business of insurance in Indiana.

39 Sec. 2. Except as otherwise provided in this title, a reference in  
40 this title to an Indiana statute is a reference to the statute:

41 (1) as added to the Indiana Code (or, in the case of a noncode  
42 statute, as enacted into law); or



- 1           (2) as amended;  
 2 whichever occurred most recently.
- 3           **Sec. 3. Except as otherwise provided in this title, a reference in**  
 4 **this title to an Indiana administrative rule is a reference to the**  
 5 **rule:**
- 6           (1) as added to the Indiana Administrative Code; or  
 7           (2) as amended;  
 8 whichever occurred most recently.
- 9           **Sec. 4. Except as otherwise provided in this title or a rule**  
 10 **described in section 1 of this chapter, the following apply to a**  
 11 **reference in this title to a federal statute or regulation:**
- 12           (1) A reference that contains a citation to the:  
 13           (A) United States Code location of the federal statute; or  
 14           (B) Code of Federal Regulations location of the federal  
 15 regulation;  
 16 is a reference to the federal statute or regulation as in effect  
 17 on January 1, 2018.
- 18           (2) A reference that contains a citation to:  
 19           (A) the Public Law by which the federal statute was  
 20 enacted; or  
 21           (B) the issue of the Federal Register that contains the final  
 22 language of the federal regulation;  
 23 is a reference to the federal statute or regulation as in effect  
 24 on the date of the Public Law or issue of the Federal Register.
- 25           **Sec. 5. (a) Except as otherwise provided in this title or a rule**  
 26 **described in section 1 of this chapter, a reference:**
- 27           (1) in this title; and  
 28           (2) to a document not described this chapter;  
 29 is a reference to the document as in effect on January 1, 2018.
- 30           (b) The department shall maintain, as a public record:  
 31           (1) an electronic version on the department's Internet web  
 32 site; and  
 33           (2) a paper copy;  
 34 of each document to which there is a reference in this title,  
 35 including each version of a document that is amended over time.
- 36           **Sec. 6. The references in this chapter and the definitions in this**  
 37 **chapter apply throughout this title.**
- 38           **Sec. 7. "Accounting Practices and Procedures Manual" refers**  
 39 **to the document entitled "Accounting Practices and Procedures**  
 40 **Manual" that is:**
- 41           (1) adopted by the NAIC; and  
 42           (2) in effect on January 1, 2018.



1           **Sec. 8. "AICPA Statements on Auditing Standards (SAS) 61,**  
2 **Communication with Audit Committees"** refers to the provision  
3 **entitled "Statement on Auditing Standards 61, Communication**  
4 **with Audit Committees"** that is:

5           (1) **published by the American Institute of Certified Public**  
6 **Accountants; and**

7           (2) **in effect on January 1, 2018.**

8           **Sec. 9. "American Cancer Society guidelines"** refers to the  
9 **guidelines published by the American Cancer Society that are in**  
10 **effect on January 1, 2018.**

11           **Sec. 10. "Annual Statement Blank"** refers to the document  
12 **entitled "Annual Statement Blank"** that is:

13           (1) **adopted by the NAIC;**

14           (2) **in effect on January 1, 2018; and**

15           (3) **applicable to the kind of insurance to which the**  
16 **information contained in the document applies.**

17           **Sec. 11. "Annual Statement Instructions"** refers to the  
18 **document entitled "Annual Statement Instructions"** that is:

19           (1) **adopted by the NAIC;**

20           (2) **in effect on January 1, 2018; and**

21           (3) **applicable to a particular Annual Statement Blank.**

22           **Sec. 12. "Current Dental Terminology" or "CDT"** refers to the  
23 **Current Dental Terminology coding system that is:**

24           (1) **published by the American Dental Association; and**

25           (2) **in effect on January 1, 2018.**

26           **Sec. 13. "Current Procedural Terminology" or "CPT"** refers to  
27 **the Current Procedural Terminology coding system that is:**

28           (1) **published by the American Medical Association; and**

29           (2) **in effect on January 1, 2018.**

30           **Sec. 14. "Diagnostic and Statistical Manual of Mental**  
31 **Disorders" or "DSM"** refers to the document entitled "**Diagnostic**  
32 **and Statistical Manual of Mental Disorders of the American**  
33 **Psychiatric Association"** that is in effect on January 1, 2018.

34           **Sec. 15. "Financial Analysis Handbook"** refers to the document  
35 **entitled "Financial Analysis Handbook"** that is:

36           (1) **adopted by the NAIC; and**

37           (2) **in effect on January 1, 2018.**

38           **Sec. 16. "Financial Condition Examiner's Handbook"** refers to  
39 **the document entitled "Financial Condition Examiner's**  
40 **Handbook"** that is:

41           (1) **adopted by the NAIC; and**

42           (2) **in effect on January 1, 2018.**



1           **Sec. 17. "Financial Regulation Standards and Accreditation**  
2 **Program"** refers to the accreditation program through which the  
3 **NAIC certifies that state insurance departments have**  
4 **demonstrated compliance with legal, financial, organizational,**  
5 **licensing, and control standards established by the NAIC and**  
6 **described in the document entitled "Financial Regulation**  
7 **Standards and Accreditation Program" that is:**

- 8           (1) **adopted by the NAIC; and**  
9           (2) **in effect on January 1, 2018.**

10           **Sec. 18. "Healthcare Common Procedure Coding System" or**  
11 **"HCPCS" refers to the version of the Healthcare Common**  
12 **Procedure Coding System:**

- 13           (1) **the use of which is required by the federal Health**  
14 **Insurance Portability and Accountability Act of 1996 (42**  
15 **U.S.C. 1301 et seq.); and**  
16           (2) **that is in effect on January 1, 2018.**

17           **Sec. 19. "Insurance Regulatory Information System Ratios**  
18 **Manual" refers to the document entitled "Insurance Regulatory**  
19 **Information System Ratios Manual" that is:**

- 20           (1) **published by the NAIC; and**  
21           (2) **in effect on January 1, 2018.**

22           **Sec. 20. "International Classification of Diseases" or "ICD"**  
23 **refers to the International Classification of Diseases code book that**  
24 **is:**

- 25           (1) **published by the World Health Organization; and**  
26           (2) **in effect on January 1, 2018.**

27           **Sec. 21. "Market Regulation Handbook" refers to the document**  
28 **entitled "Market Regulation Handbook" that is:**

- 29           (1) **adopted by the NAIC; and**  
30           (2) **in effect on January 1, 2018.**

31           **Sec. 22. "NAIC" refers to the National Association of Insurance**  
32 **Commissioners.**

33           **Sec. 23. "NAIC Uniform Life, Accident and Health, Annuity and**  
34 **Credit Product Coding Matrix" refers to the document entitled**  
35 **"National Association of Insurance Commissioners Uniform Life,**  
36 **Accident and Health, Annuity and Credit Product Coding Matrix"**  
37 **that is:**

- 38           (1) **published by the NAIC; and**  
39           (2) **in effect on January 1, 2018.**

40           **Sec. 24. "National Committee on Quality Assurance standards**  
41 **or guidelines" refers to standards or guidelines for accreditation**  
42 **of health plans:**



- 1           (1) that are published by the National Committee on Quality  
2           Assurance; and  
3           (2) in effect on January 1, 2018.
- 4           **Sec. 25. "Own Risk and Solvency Assessment Guidance**  
5           **Manual" or "ORSA Manual" refers to the document entitled**  
6           **"Own Risk and Solvency Assessment Guidance Manual" that is:**  
7           (1) adopted by the NAIC; and  
8           (2) in effect on January 1, 2018.
- 9           **Sec. 26. "Purposes and Procedures Manual of the NAIC**  
10           **Investment Analysis Office" refers to the document entitled**  
11           **"Purposes and Procedures Manual of the NAIC Investment**  
12           **Analysis Office" that is:**  
13           (1) adopted by the NAIC; and  
14           (2) in effect on January 1, 2018.
- 15           **Sec. 27. "Risk Based Capital Instructions" or "RBC**  
16           **Instructions" refers to the document entitled "Risk Based Capital**  
17           **Forecasting and Instructions" that is:**  
18           (1) adopted by the NAIC; and  
19           (2) in effect on January 1, 2018.
- 20           **Sec. 28. "Securities Valuation Manual" refers to the document**  
21           **entitled "Securities Valuation Manual" that is:**  
22           (1) adopted by the NAIC; and  
23           (2) in effect on January 1, 2018.
- 24           **Sec. 29. "Third party administrator" or "TPA" refers to the**  
25           **coding system that is:**  
26           (1) maintained by an applicable third party administrator;  
27           and  
28           (2) in effect on January 1, 2018.
- 29           **Sec. 30. "Uniform application" refers to the document entitled**  
30           **"Uniform Application for Individual Producer**  
31           **License/Registration" for resident and nonresident producer**  
32           **licensing that is:**  
33           (1) published by the NAIC; and  
34           (2) in effect on January 1, 2018.
- 35           **Sec. 31. "Uniform Application for Business Entity Adjusters"**  
36           **refers to the document entitled "Uniform Application for Business**  
37           **Entity Adjuster License/Registration" that is:**  
38           (1) published by the NAIC; and  
39           (2) in effect on January 1, 2018.
- 40           **Sec. 32. "Uniform Application for Individual Adjusters" refers**  
41           **to the document entitled "Uniform Application for Individual**  
42           **Adjuster or Apprentice License/Registration" that is:**





1 (1) published by the NAIC; and

2 (2) in effect on January 1, 2018.

3 Sec. 33. "Uniform application for third party administrator  
4 license" refers to the document entitled "Uniform Application for  
5 Third Party Administrator License" that is:

6 (1) published by the NAIC; and

7 (2) in effect on January 1, 2018.

8 Sec. 34. "Uniform business entity application" refers to the  
9 document entitled "Uniform Application for Business Entity  
10 License Renewal/Continuation" for resident and nonresident  
11 business entities that is:

12 (1) published by the NAIC; and

13 (2) in effect on January 1, 2018.

14 Sec. 35. "Valuation Manual" refers to the Valuation Manual  
15 that:

16 (1) was initially adopted by the NAIC on December 12, 2012;  
17 and

18 (2) is in effect on January 1, 2018.

19 SECTION 2. IC 27-1-3-13 IS AMENDED TO READ AS  
20 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 13. (a) Each company  
21 authorized to conduct business in Indiana and required to file an annual  
22 statement with the department under IC 27-1-20-21 shall submit the  
23 company's statement on the ~~National Association of Insurance~~  
24 ~~Commissioners (NAIC)~~ Annual Statement Blank prepared in  
25 accordance with ~~NAIC~~ Annual Statement Instructions, and following  
26 practices and procedures prescribed by the ~~most recent NAIC~~  
27 Accounting Practices and Procedures Manual.

28 (b) To the extent that the ~~NAIC~~ Annual Statement Instructions  
29 require disclosure under subsection (a) of compensation paid to or on  
30 behalf of an insurer's officers, directors, or employees, the information  
31 may be filed with the department as an exhibit separate from the ~~annual~~  
32 ~~statement blank~~. **Annual Statement Blank**. The compensation  
33 information described under this subsection shall be maintained by the  
34 department as confidential and may not be made public.

35 SECTION 3. IC 27-1-3.1-6 IS REPEALED [EFFECTIVE JULY 1,  
36 2018]. Sec. 6: ~~As used in this chapter, "NAIC examiner's handbook"~~  
37 ~~means the Examiners' Handbook adopted by the National Association~~  
38 ~~of Insurance Commissioners.~~

39 SECTION 4. IC 27-1-3.1-8 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8. (a) The  
41 commissioner or any of the commissioner's examiners:

42 (1) may conduct an examination under this chapter of any



1 company as often as the commissioner, in the commissioner's sole  
2 discretion, considers appropriate; and

3 (2) shall, at a minimum, conduct an examination of every insurer  
4 licensed in Indiana at least once every five (5) years.

5 (b) In scheduling and determining the nature, scope, and frequency  
6 of the examinations, the commissioner shall consider such matters as  
7 the results of financial statement analyses and ratios, changes in  
8 management or ownership, actuarial opinions, reports of independent  
9 certified public accountants, and other criteria as set forth in the ~~NAIC~~  
10 ~~examiner's handbook.~~ **Financial Condition Examiner's Handbook**  
11 **and the Market Regulation Handbook, whichever is applicable.**

12 (c) For purposes of completing an examination of any company  
13 under this chapter, the commissioner may examine or investigate any  
14 person, or the business of any person, in so far as such examination or  
15 investigation is, in the sole discretion of the commissioner, necessary  
16 or material to the examination of the company.

17 (d) In lieu of an examination under this chapter of any foreign or  
18 alien insurer licensed in Indiana, the commissioner may accept an  
19 examination report on such company as prepared by the insurance  
20 department of the company's state of domicile or port-of-entry state  
21 until January 1, 1994. After January 1, 1994, those reports may only be  
22 accepted if:

23 (1) the insurance department that prepared the report was at the  
24 time of the examination accredited under the ~~National Association~~  
25 ~~of Insurance Commissioners'~~ Financial Regulation Standards and  
26 Accreditation Program; or

27 (2) the examination is performed with the participation of one (1)  
28 or more examiners who are employed by an accredited State  
29 Insurance Department and who after a review of the examination  
30 work papers and report state under oath that the examination was  
31 performed in a manner consistent with the standards and  
32 procedures required by their insurance department.

33 SECTION 5. IC 27-1-3.1-9, AS AMENDED BY P.L.111-2008,  
34 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
35 JULY 1, 2018]: Sec. 9. (a) Upon determining that an examination  
36 should be conducted, the commissioner or the commissioner's designee  
37 shall issue an examination warrant appointing one (1) or more  
38 examiners to perform the examination and instructing them as to the  
39 scope of the examination. In conducting the examination, the examiner  
40 shall observe those guidelines and procedures set forth in the ~~NAIC~~  
41 ~~examiner's handbook.~~ **Financial Condition Examiner's Handbook**  
42 **and the Market Regulation Handbook.** The commissioner may also



1 employ such other guidelines or procedures as the commissioner  
2 considers appropriate. The commissioner is not required to issue an  
3 examination warrant for a data call.

4 (b) Every company or person from whom information is sought, and  
5 the officers, directors, and agents of the company or person, must  
6 provide to the examiners appointed under subsection (a) timely,  
7 convenient, and free access at all reasonable hours at its offices to all  
8 books, records, accounts, papers, documents, and any or all computer  
9 or other recordings relating to the property, assets, business, and affairs  
10 of the company being examined. The officers, directors, employees,  
11 and agents of the company or person must facilitate the examination  
12 and aid in the examination so far as it is in their power to do so. The  
13 refusal of any company, by its officers, directors, employees, or agents  
14 within the company's control, to submit to examination or to comply  
15 with any reasonable written request of the examiners, or the failure of  
16 any company to make a good faith effort to require compliance with  
17 such a request, is grounds for:

- 18 (1) suspension;
- 19 (2) refusal; or
- 20 (3) nonrenewal;

21 of any license or authority held by the company to engage in a  
22 insurance or other business subject to the commissioner's jurisdiction.  
23 The commissioner may proceed to suspend or revoke a license or  
24 authority upon the grounds set forth in this subsection under  
25 IC 27-1-3-10 or IC 27-1-3-19.

26 (c) The commissioner and the commissioner's examiners may issue  
27 subpoenas, administer oaths, and examine under oath any person as to  
28 any matter pertinent to an examination conducted under this chapter.  
29 Upon the failure or refusal of any person to obey a subpoena, the  
30 commissioner may petition a court of competent jurisdiction, and upon  
31 proper showing, the court may enter any order compelling the witness  
32 to appear and testify or produce documentary evidence. Failure to obey  
33 the court order is punishable as contempt of court.

34 (d) When making an examination under this chapter, the  
35 commissioner may retain attorneys, appraisers, independent actuaries,  
36 independent certified public accountants, or other professionals and  
37 specialists as examiners. The cost of retaining these examiners shall be  
38 borne by the company that is the subject of the examination.

39 (e) This chapter does not limit the commissioner's authority to  
40 terminate or suspend any examination in order to pursue other legal or  
41 regulatory action pursuant to this title. Findings of fact and conclusions  
42 made pursuant to any examination shall be prima facie evidence in any



1 legal or regulatory action.

2 SECTION 6. IC 27-1-3.1-18 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 18. (a) The  
4 commissioner shall provide any financial analysis ratios computed by  
5 the Insurance Regulatory Information System ~~of the National~~  
6 ~~Association of Insurance Commissioners~~ within five (5) business days  
7 after receiving a written request for those ratios.

8 (b) All examination synopses concerning insurance companies that  
9 are submitted to the department by the Insurance Regulatory  
10 Information System ~~of the National Association of Insurance~~  
11 ~~Commissioners~~ are confidential and may not be disclosed by the  
12 department.

13 SECTION 7. IC 27-1-3.5-7, AS AMENDED BY P.L.146-2015,  
14 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
15 JULY 1, 2018]: Sec. 7. (a) The annual audited financial report filed by  
16 a domestic insurer under this chapter shall report:

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

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

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

23 (b) The financial statements included in the annual audited financial  
24 report filed by a domestic insurer under this chapter shall be examined  
25 by an independent auditor. The independent auditor shall conduct its  
26 examination of the domestic insurer's financial statements in  
27 accordance with generally accepted auditing standards, and shall  
28 consider such other procedures illustrated in the Financial Condition  
29 Examiner's Handbook ~~published by the National Association of~~  
30 ~~Insurance Commissioners~~ as the independent auditor considers  
31 necessary.

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

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

35 (2) A balance sheet reporting admitted assets, liabilities, capital,  
36 and surplus.

37 (3) A statement of operations.

38 (4) A statement of cash flow.

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

40 (6) Notes to financial statements. The notes must be those  
41 required by the ~~National Association of Insurance Commissioners'~~  
42 ~~annual statement instructions applicable Annual Statement~~



1           **Instructions** and any other notes required by statutory accounting  
 2 practices, which must include a reconciliation of differences, if  
 3 any, between the financial statements included in the audited  
 4 financial report and the annual statement filed by the insurer  
 5 under IC 27-1-20-21, including a written description of the nature  
 6 of these differences.

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

12           (e) The financial statements included in a domestic insurer's audited  
 13 financial report must be comparative, presenting the amounts as of  
 14 December 31 of the year of the report and comparative amounts as of  
 15 the immediately preceding December 31. However, in the first year in  
 16 which an insurer is required to file an audited financial report under  
 17 this chapter, the comparative data may be omitted.

18           SECTION 8. IC 27-1-3.5-12, AS AMENDED BY P.L.146-2015,  
 19 SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 20 JULY 1, 2018]: Sec. 12. (a) A domestic insurer required by this chapter  
 21 to file an annual audited financial report with the commissioner shall  
 22 also furnish the commissioner with a written communication describing  
 23 any unremediated material weaknesses (as defined by the NAIC  
 24 **Statement on Auditing Standard 60; Communication of Internal**  
 25 **Control Related Matters Noted in an Audit) in the Accounting**  
 26 **Practices and Procedures Manual**) in the domestic insurer's internal  
 27 control over financial reporting as of the December 31 immediately  
 28 preceding the audit (coinciding with the domestic insurer's annual  
 29 audited financial report), noted during the audit. If no unremediated  
 30 material weaknesses are noted during the audit, the communication  
 31 must reflect that fact.

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

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

39           SECTION 9. IC 27-1-3.5-12.1, AS ADDED BY P.L.146-2015,  
 40 SECTION 16, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 41 JULY 1, 2018]: Sec. 12.1. (a) As used in this section, "independent",  
 42 with respect to a member of an audit committee, means that the



1 member, other than in the member's capacity as a member of the audit  
2 committee, the board of directors, or another board committee:

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

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

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

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

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

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

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

14 (1) appointment;

15 (2) compensation; and

16 (3) oversight of the work;

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

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

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

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

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

30 (1) Each member shall be:

31 (A) a member of the board of directors of the domestic insurer;  
32 or

33 (B) if the audit committee of the entity that controls a group of  
34 insurers serves as the audit committee of the domestic insurer  
35 or group of insurers, a member of the audit committee of the  
36 entity that controls the group of insurers.

37 (2) The percentage of independent members must meet the  
38 following minimum requirements:

39 (A) If the domestic insurer had direct written and assumed  
40 premiums during the immediately preceding calendar year of  
41 less than three hundred million dollars (\$300,000,000), no  
42 minimum requirement applies.



- 1 (B) If the domestic insurer had direct written and assumed  
 2 premiums during the immediately preceding calendar year of  
 3 at least three hundred million dollars (\$300,000,000) and less  
 4 than five hundred million dollars (\$500,000,000), at least fifty  
 5 percent (50%) of the members must be independent members.  
 6 (C) If the domestic insurer had direct written and assumed  
 7 premiums during the immediately preceding calendar year of  
 8 at least five hundred million dollars (\$500,000,000), at least  
 9 seventy-five percent (75%) of the members must be  
 10 independent members.
- 11 (f) If:
- 12 (1) state or federal law requires that a board of directors of a  
 13 domestic insurer or group of insurers include otherwise  
 14 nonindependent members; and  
 15 (2) an otherwise nonindependent member is not an officer or  
 16 employee of the domestic insurer, group of insurers, or an affiliate  
 17 of the domestic insurer or group of insurers;  
 18 the nonindependent member may serve as a member of an audit  
 19 committee and be considered to be independent for audit committee  
 20 purposes.
- 21 (g) If:
- 22 (1) a member of an audit committee of a domestic insurer ceases  
 23 to be independent for reasons beyond the member's reasonable  
 24 control; and  
 25 (2) the domestic insurer notifies the department of the cessation  
 26 of independence;  
 27 the member may continue to serve as an audit committee member until  
 28 the next annual meeting of the domestic insurer or one (1) year after the  
 29 date on which the member's independence ceased, whichever occurs  
 30 first.
- 31 (h) The ultimate controlling person of a domestic insurer may  
 32 designate the audit committee of the domestic insurer by providing  
 33 written notice to each commissioner responsible for regulation of each  
 34 affected insurer. The written notice must:
- 35 (1) be timely provided before the issuance of the annual audited  
 36 financial report; and  
 37 (2) include a description of the basis for the designation.
- 38 (i) A designation:
- 39 (1) under subsection (h) may be changed with written notice from  
 40 the domestic insurer to the commissioner, including a description  
 41 of the basis for the designation; and  
 42 (2) under subsection (h) or this subsection remains in effect



- 1           unless rescinded or changed.
- 2           (j) A domestic insurer's audit committee shall require the accountant
- 3           that performs an audit required by this chapter to report to the audit
- 4           committee in accordance with the requirements of AICPA Statements
- 5           on Auditing Standards (SAS) 61, Communication with Audit
- 6           Committees, ~~or its replacement~~, including the following:
- 7           (1) All significant accounting policies and material permitted
- 8           practices.
- 9           (2) All:
- 10           (A) material alternative treatments of financial information
- 11           within statutory accounting principles that have been
- 12           discussed with management officials of the domestic insurer;
- 13           and
- 14           (B) ramifications of the use of the alternative disclosures and
- 15           treatments.
- 16           (3) The treatment described in subdivision (2) that is preferred by
- 17           the accountant.
- 18           (4) Any other material written communication between the
- 19           accountant and the management of the domestic insurer,
- 20           including any management letter or schedule of unadjusted
- 21           differences.
- 22           (k) If:
- 23           (1) a domestic insurer is a member of an insurance holding
- 24           company system; and
- 25           (2) any substantial differences among insurers in the insurance
- 26           holding company system are identified to the audit committee;
- 27           the reports required by subsection (j) may be provided to the audit
- 28           committee on an aggregate basis for insurers in the holding company
- 29           system.
- 30           (l) If a domestic insurer has direct written and assumed premiums
- 31           (excluding premiums reinsured with the Federal Crop Insurance
- 32           Corporation and Federal Flood Program) of less than five hundred
- 33           million dollars (\$500,000,000), the domestic insurer may apply to the
- 34           commissioner for a waiver from the audit committee requirements of
- 35           this section based on hardship.
- 36           (m) A domestic insurer that receives a waiver under subsection (l)
- 37           shall file the waiver, with the domestic insurer's annual statement
- 38           filing, with the:
- 39           (1) commissioners of insurance in the states in which the
- 40           domestic insurer is licensed or doing insurance business; and
- 41           (2) ~~National Association of Insurance Commissioners. NAIC.~~
- 42           If another state has access to electronic filing with the ~~National~~





1 ~~Association of Insurance Commissioners~~, NAIC, the domestic insurer  
 2 shall file the waiver with the other state electronically in accordance  
 3 with ~~National Association of Insurance Commissioners~~ NAIC  
 4 electronic filing specifications.

5 SECTION 10. IC 27-1-4.1-6, AS ADDED BY P.L.146-2015,  
 6 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7 JULY 1, 2018]: Sec. 6. (a) An insurer or insurance group of which the  
 8 insurer is a member shall, not later than June 1 of each calendar year,  
 9 submit:

10 (1) to the commissioner; or

11 (2) if the insurer is a member of an insurance group, to the lead  
 12 state commissioner of the insurance group (as determined by the  
 13 procedures in the ~~most recent~~ Financial Analysis Handbook)  
 14 ~~adopted by the NAIC~~) according to the law of the lead state;

15 a CGAD.

16 (b) An insurer that is a member of an insurance group and not  
 17 required to submit a CGAD to the commissioner under subsection (a)  
 18 shall submit a CGAD to the commissioner upon the commissioner's  
 19 request.

20 (c) A CGAD submitted under this section must include the signature  
 21 of the insurer's or insurance group's chief executive officer or corporate  
 22 secretary attesting that to the best of the chief executive officer's or  
 23 corporate secretary's knowledge the insurer has:

24 (1) implemented corporate governance procedures; and

25 (2) provided a copy of the CGAD to the insurer's board of  
 26 directors or the appropriate committee of the board of directors.

27 SECTION 11. IC 27-1-4.1-8, AS ADDED BY P.L.146-2015,  
 28 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29 JULY 1, 2018]: Sec. 8. If a CGAD is submitted by an insurer as a  
 30 member of an insurance group, the lead state commissioner of the  
 31 insurance group (as determined by the procedures in the ~~most recent~~  
 32 Financial Analysis Handbook) ~~adopted by the NAIC~~) shall:

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

34 (2) make any requests for additional information.

35 SECTION 12. IC 27-1-12-2, AS AMENDED BY P.L.89-2011,  
 36 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2018]: Sec. 2. (a) The following definitions apply to this  
 38 section:

39 (1) "Acceptable collateral" means, as to securities lending  
 40 transactions:

41 (A) cash;

42 (B) cash equivalents;



- 1 (C) letters of credit; and  
 2 (D) direct obligations of, or securities that are fully guaranteed  
 3 as to principal and interest by, the government of the United  
 4 States or any agency of the United States, including the  
 5 Federal National Mortgage Association and the Federal Home  
 6 Loan Mortgage Corporation.
- 7 (2) "Acceptable collateral" means, as to lending foreign securities,  
 8 sovereign debt that is rated:  
 9 (A) A- or higher by Standard & Poor's Corporation;  
 10 (B) A3 or higher by Moody's Investors Service, Inc.;  
 11 (C) A- or higher by Duff and Phelps, Inc.; or  
 12 (D) 1 by the Securities Valuation Office.
- 13 (3) "Acceptable collateral" means, as to repurchase transactions:  
 14 (A) cash;  
 15 (B) cash equivalents; and  
 16 (C) direct obligations of, or securities that are fully guaranteed  
 17 as to principal and interest by, the government of the United  
 18 States or any agency of the United States, including the  
 19 Federal National Mortgage Association and the Federal Home  
 20 Loan Mortgage Corporation.
- 21 (4) "Acceptable collateral" means, as to reverse repurchase  
 22 transactions:  
 23 (A) cash; and  
 24 (B) cash equivalents.
- 25 (5) "Admitted assets" means assets permitted to be reported as  
 26 admitted assets on the statutory financial statement of the life  
 27 insurance company most recently required to be filed with the  
 28 commissioner.
- 29 (6) "Business entity" means:  
 30 (A) a sole proprietorship;  
 31 (B) a corporation;  
 32 (C) a limited liability company;  
 33 (D) an association;  
 34 (E) a partnership;  
 35 (F) a joint stock company;  
 36 (G) a joint venture;  
 37 (H) a mutual fund;  
 38 (I) a trust;  
 39 (J) a joint tenancy; or  
 40 (K) other, similar form of business organization;  
 41 whether organized for-profit or not-for-profit.
- 42 (7) "Cash" means any of the following:



- 1 (A) United States denominated paper currency and coins.  
 2 (B) Negotiable money orders and checks.  
 3 (C) Funds held in any time or demand deposit in any  
 4 depository institution, the deposits of which are insured by the  
 5 Federal Deposit Insurance Corporation.  
 6 (8) "Cash equivalent" means any of the following:  
 7 (A) A certificate of deposit issued by a depository institution,  
 8 the deposits of which are insured by the Federal Deposit  
 9 Insurance Corporation.  
 10 (B) A banker's acceptance issued by a depository institution,  
 11 the deposits of which are insured by the Federal Deposit  
 12 Insurance Corporation.  
 13 (C) A government money market mutual fund.  
 14 (D) A class one money market mutual fund.  
 15 (9) "Class one money market mutual fund" means a money  
 16 market mutual fund that at all times qualifies for investment  
 17 pursuant to the ~~"Purposes and Procedures of the Securities~~  
 18 ~~Valuation Office" or any successor publication~~ **Purposes and**  
 19 **Procedures Manual of the NAIC Investment Analysis Office**  
 20 either using the bond class one reserve factor or because it is  
 21 exempt from asset valuation reserve requirements.  
 22 (10) "Dollar roll transaction" means two (2) simultaneous  
 23 transactions that have settlement dates not more than ninety-six  
 24 (96) days apart and that meet the following description:  
 25 (A) In one (1) transaction, a life insurance company sells to a  
 26 business entity one (1) or both of the following:  
 27 (i) Asset-backed securities that are issued, assumed, or  
 28 guaranteed by the Government National Mortgage  
 29 Association, the Federal National Mortgage Association, or  
 30 the Federal Home Loan Mortgage Corporation. ~~or the~~  
 31 ~~successor of an entity referred to in this item.~~  
 32 (ii) Other asset-backed securities referred to in Section 106  
 33 of Title I of the Secondary Mortgage Market Enhancement  
 34 Act of 1984 (15 U.S.C. 77r-1). ~~as amended.~~  
 35 (B) In the other transaction, the life insurance company is  
 36 obligated to purchase from the same business entity securities  
 37 that are substantially similar to the securities sold under clause  
 38 (A).  
 39 (11) "Domestic jurisdiction" means:  
 40 (A) the United States;  
 41 (B) any state, territory, or possession of the United States;  
 42 (C) the District of Columbia;



- 1 (D) Canada; or  
 2 (E) any province of Canada.
- 3 (12) "Earnings available for fixed charges" means income, after  
 4 deducting:  
 5 (A) operating and maintenance expenses other than expenses  
 6 that are fixed charges;  
 7 (B) taxes other than federal and state income taxes;  
 8 (C) depreciation; and  
 9 (D) depletion;  
 10 but excluding extraordinary nonrecurring items of income or  
 11 expense appearing in the regular financial statements of a  
 12 business entity.
- 13 (13) "Fixed charges" includes:  
 14 (A) interest on funded and unfunded debt;  
 15 (B) amortization of debt discount; and  
 16 (C) rentals for leased property.
- 17 (14) "Foreign currency" means a currency of a foreign  
 18 jurisdiction.
- 19 (15) "Foreign jurisdiction" means a jurisdiction other than a  
 20 domestic jurisdiction.
- 21 (16) "Government money market mutual fund" means a money  
 22 market mutual fund that at all times:  
 23 (A) invests only in:  
 24 (i) obligations that are issued, guaranteed, or insured by the  
 25 United States; or  
 26 (ii) collateralized repurchase agreements composed of  
 27 obligations that are issued, guaranteed, or insured by the  
 28 United States; and  
 29 (B) qualifies for investment without a reserve pursuant to the  
 30 ~~"Purposes and Procedures of the Securities Valuation Office"~~  
 31 ~~or any successor publication.~~ **Purposes and Procedures**  
 32 **Manual of the NAIC Investment Analysis Office.**
- 33 (17) "Guaranteed or insured," when used in reference to an  
 34 obligation acquired under this section, means that the guarantor  
 35 or insurer has agreed to:  
 36 (A) perform or insure the obligation of the obligor or purchase  
 37 the obligation; or  
 38 (B) be unconditionally obligated, until the obligation is repaid,  
 39 to maintain in the obligor a minimum net worth, fixed charge  
 40 coverage, stockholders' equity, or sufficient liquidity to enable  
 41 the obligor to pay the obligation in full.
- 42 (18) "Investment company" means:



- 1 (A) an investment company as defined in Section 3(a) of the  
 2 Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.); ~~as~~  
 3 ~~amended~~; or  
 4 (B) a person described in Section 3(c) of the Investment  
 5 Company Act of 1940 (**15 U.S.C. 80a-1 et seq.**).
- 6 (19) "Investment company series" means an investment portfolio  
 7 of an investment company that is organized as a series company  
 8 to which assets of the investment company have been specifically  
 9 allocated.
- 10 (20) "Letter of credit" means a clean, irrevocable, and  
 11 unconditional letter of credit that is:  
 12 (A) issued or confirmed by; and  
 13 (B) payable and presentable at;  
 14 a financial institution on the list of financial institutions meeting  
 15 the standards for issuing letters of credit under the ~~"Purposes and~~  
 16 ~~Procedures of the Securities Valuation Office" or any successor~~  
 17 ~~publication.~~ **Purposes and Procedures Manual of the NAIC**  
 18 **Investment Analysis Office.** To constitute acceptable collateral  
 19 for the purposes of paragraph 29 of subsection (b), a letter of  
 20 credit must have an expiration date beyond the term of the subject  
 21 transaction.
- 22 (21) "Market value" means the following:  
 23 (A) As to cash, the amount of the cash.  
 24 (B) As to cash equivalents, the amount of the cash equivalents.  
 25 (C) As to letters of credit, the amount of the letters of credit.  
 26 (D) As to a security as of any date:  
 27 (i) the price for the security on that date obtained from a  
 28 generally recognized source, or the most recent quotation  
 29 from such a source; or  
 30 (ii) if no generally recognized source exists, the price for the  
 31 security as determined in good faith by the parties to a  
 32 transaction;  
 33 plus accrued but unpaid income on the security to the extent  
 34 not included in the price as of that date.
- 35 (22) "Money market mutual fund" means a mutual fund that  
 36 meets the conditions of 17 CFR 270.2a-7, under the Investment  
 37 Company Act of 1940 (15 U.S.C. 80a-1 et seq.).
- 38 (23) "Multilateral development bank" means an international  
 39 development organization of which the United States is a  
 40 member.
- 41 (24) "Mutual fund" means:  
 42 (A) an investment company; or



- 1 (B) in the case of an investment company that is organized as  
 2 a series company, an investment company series;  
 3 that is registered with the United States Securities and Exchange  
 4 Commission under the Investment Company Act of 1940 (15  
 5 U.S.C. 80a-1 et seq.).
- 6 (25) "Obligation" means any of the following:  
 7 (A) A bond.  
 8 (B) A note.  
 9 (C) A debenture.  
 10 (D) Any other form of evidence of debt.
- 11 (26) "Person" means:  
 12 (A) an individual;  
 13 (B) a business entity;  
 14 (C) a multilateral development bank; or  
 15 (D) a government or quasi-governmental body, such as a  
 16 political subdivision or a government sponsored enterprise.
- 17 (27) "Repurchase transaction" means a transaction in which a life  
 18 insurance company purchases securities from a business entity  
 19 that is obligated to repurchase the purchased securities or  
 20 equivalent securities from the life insurance company at a  
 21 specified price, either within a specified period of time or upon  
 22 demand.
- 23 (28) "Reverse repurchase transaction" means a transaction in  
 24 which a life insurance company sells securities to a business  
 25 entity and is obligated to repurchase the sold securities or  
 26 equivalent securities from the business entity at a specified price,  
 27 either within a specified period of time or upon demand.
- 28 (29) "Securities lending transaction" means a transaction in which  
 29 securities are loaned by a life insurance company to a business  
 30 entity that is obligated to return the loaned securities or equivalent  
 31 securities to the life insurance company, either within a specified  
 32 period of time or upon demand.
- 33 (30) "Securities Valuation Office" refers to  
 34 ~~(A) the Securities Valuation Office of the National Association~~  
 35 ~~of Insurance Commissioners; or~~  
 36 ~~(B) any successor of the office referred to in Clause (A)~~  
 37 ~~established by the National Association of Insurance~~  
 38 ~~Commissioners. NAIC.~~
- 39 (31) "Series company" means an investment company that is  
 40 organized as a series company (as defined in Rule 18f-2(a)  
 41 adopted under the Investment Company Act of 1940 (15 U.S.C.  
 42 80a-1 et seq.)). ~~as amended~~);



1 (32) "Supported", when used in reference to an obligation, by  
 2 whomever issued or made, means that:

3 (A) repayment of the obligation by:

- 4 (i) a domestic jurisdiction or by an administration, agency,  
 5 authority, or instrumentality of a domestic jurisdiction; or  
 6 (ii) a business entity;

7 as the case may be, is secured by real or personal property of  
 8 value at least equal to the principal amount of the obligation  
 9 by means of mortgage, assignment of vendor's interest in one  
 10 (1) or more conditional sales contracts, other title retention  
 11 device, or by means of other security interest in such property  
 12 for the benefit of the holder of the obligation; and

13 (B) the:

- 14 (i) domestic jurisdiction or administration, agency, authority,  
 15 or instrumentality of the domestic jurisdiction; or  
 16 (ii) business entity;

17 as the case may be, has entered into a firm agreement to rent  
 18 or use the property pursuant to which it is obligated to pay  
 19 money as rental or for the use of such property in amounts and  
 20 at times which shall be sufficient, after provision for taxes  
 21 upon and other expenses of use of the property, to repay in full  
 22 the obligation with interest and when such agreement and the  
 23 money obligated to be paid thereunder are assigned, pledged,  
 24 or secured for the benefit of the holder of the obligation.  
 25 However, where the security for the repayment of the  
 26 obligation consists of a first mortgage lien or deed of trust on  
 27 a fee interest in real property, the obligation may provide for  
 28 the amortization, during the initial, fixed period of the lease or  
 29 contract, of less than one hundred percent (100%) of the  
 30 obligation if there is pledged or assigned, as additional  
 31 security for the obligation, sufficient rentals payable under the  
 32 lease, or of contract payments, to secure the amortized  
 33 obligation payments required during the initial, fixed period of  
 34 the lease or contract, including but not limited to payments of  
 35 principal, interest, and taxes other than the income taxes of the  
 36 borrower, and if there is to be left unamortized at the end of  
 37 such period an amount not greater than the original appraised  
 38 value of the land only, exclusive of all improvements, as  
 39 prescribed by law.

40 (b) Investments of domestic life insurance companies at the time  
 41 they are made shall conform to the following categories, conditions,  
 42 limitations, and standards:

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1           1. Obligations of a domestic jurisdiction or of any administration,  
2 agency, authority, or instrumentality of a domestic jurisdiction.

3           2. Obligations guaranteed, supported, or insured as to principal and  
4 interest by a domestic jurisdiction or by an administration, agency,  
5 authority, or instrumentality of a domestic jurisdiction.

6           3. Obligations issued under or pursuant to the Farm Credit Act of  
7 1971 (12 U.S.C. 2001 through 2279aa-14) as in effect on December 31,  
8 1990, or the Federal Home Loan Bank Act (12 U.S.C. 1421 through  
9 1449) as in effect on December 31, 1990, interest bearing obligations  
10 of the FSLIC Resolution Fund or shares of any institution whose  
11 deposits are insured by the Federal Deposit Insurance Corporation to  
12 the extent that such shares are insured, obligations issued or guaranteed  
13 by a multilateral development bank, and obligations issued or  
14 guaranteed by the African Development Bank.

15           4. Obligations issued, guaranteed, or insured as to principal and  
16 interest by a city, county, drainage district, road district, school district,  
17 tax district, town, township, village, or other civil administration,  
18 agency, authority, instrumentality, or subdivision of a domestic  
19 jurisdiction, providing such obligations are authorized by law and are:

20           (a) direct and general obligations of the issuing, guaranteeing or  
21 insuring governmental unit, administration, agency, authority,  
22 district, subdivision, or instrumentality;

23           (b) payable from designated revenues pledged to the payment of  
24 the principal and interest thereof; or

25           (c) improvement bonds or other obligations constituting a first  
26 lien, except for tax liens, against all of the real estate within the  
27 improvement district or on that part of such real estate not  
28 discharged from such lien through payment of the assessment.

29           The area to which such improvement bonds or other obligations  
30 relate shall be situated within the limits of a town or city and at  
31 least fifty percent (50%) of the properties within such area shall  
32 be improved with business buildings or residences.

33           5. Loans evidenced by obligations secured by first mortgage liens  
34 on otherwise unencumbered real estate or otherwise unencumbered  
35 leaseholds having at least fifty (50) years of unexpired term, such real  
36 estate, or leaseholds to be located in a domestic jurisdiction. Such loans  
37 shall not exceed eighty percent (80%) of the fair value of the security  
38 determined in a manner satisfactory to the department, except that the  
39 percentage stated may be exceeded if and to the extent such excess is  
40 guaranteed or insured by:

41           (a) a domestic jurisdiction or by an administration, agency,  
42 authority, or instrumentality of any domestic jurisdiction; or





1 (b) a private mortgage insurance corporation approved by the  
2 department.

3 If improvements constitute a part of the value of the real estate or  
4 leaseholds, such improvements shall be insured against fire for the  
5 benefit of the mortgagee in an amount not less than the difference  
6 between the value of the land and the unpaid balance of the loan.

7 For the purpose of this section, real estate or a leasehold shall not be  
8 deemed to be encumbered by reason of the existence in relation thereto  
9 of:

- 10 (1) liens inferior to the lien securing the loan made by the life  
11 insurance company;  
12 (2) taxes or assessment liens not delinquent;  
13 (3) instruments creating or reserving mineral, oil, water or timber  
14 rights, rights-of-way, common or joint driveways, sewers, walls,  
15 or utility connections;  
16 (4) building restrictions or other restrictive covenants; or  
17 (5) an unassigned lease reserving rents or profits to the owner.

18 A loan that is authorized by this paragraph remains qualified under this  
19 paragraph notwithstanding any refinancing, modification, or extension  
20 of the loan. Investments authorized by this paragraph shall not in the  
21 aggregate exceed forty-five percent (45%) of the life insurance  
22 company's admitted assets.

23 6. Loans evidenced by obligations guaranteed or insured, but only  
24 to the extent guaranteed or insured, by a domestic jurisdiction or by any  
25 agency, administration, authority, or instrumentality of any domestic  
26 jurisdiction, and secured by second or subsequent mortgages or deeds  
27 of trust on real estate or leaseholds, provided the terms of the leasehold  
28 mortgages or deeds of trust shall not exceed four-fifths (4/5) of the  
29 unexpired lease term, including enforceable renewable options  
30 remaining at the time of the loan.

31 7. Real estate contracts involving otherwise unencumbered real  
32 estate situated in a domestic jurisdiction, to be secured by the title to  
33 such real estate, which shall be transferred to the life insurance  
34 company or to a trustee or nominee of its choosing. For statement and  
35 deposit purposes, the value of a contract acquired pursuant to this  
36 paragraph shall be whichever of the following amounts is the least:

- 37 (a) eighty percent (80%) of the contract price of the real estate;  
38 (b) eighty percent (80%) of the fair value of the real estate at the  
39 time the contract is purchased, such value to be determined in a  
40 manner satisfactory to the department; or  
41 (c) the amount due under the contract.

42 For the purpose of this paragraph, real estate shall not be deemed



1 encumbered by reason of the existence in relation thereto of: (1) taxes  
 2 or assessment liens not delinquent; (2) instruments creating or  
 3 reserving mineral, oil, water or timber rights, rights-of-way, common  
 4 or joint driveways, sewers, walls or utility connections; (3) building  
 5 restrictions or other restrictive covenants; or (4) an unassigned lease  
 6 reserving rents or profits to the owner. Fire insurance upon  
 7 improvements constituting a part of the real estate described in the  
 8 contract shall be maintained in an amount at least equal to the unpaid  
 9 balance due under the contract or the fair value of improvements,  
 10 whichever is the lesser.

11 8. Improved or unimproved real property, whether encumbered or  
 12 unencumbered, or any interest therein, held directly or evidenced by  
 13 joint venture interests, general or limited partnership interests, trust  
 14 certificates, or any other instruments, and acquired by the life insurance  
 15 company as an investment, which real property, if unimproved, is  
 16 developed within five (5) years. Real property acquired for investment  
 17 under this paragraph, whether leased or intended to be developed for  
 18 commercial or residential purposes or otherwise lawfully held, is  
 19 subject to the following conditions and limitations:

20 (a) The real estate shall be located in a domestic jurisdiction.

21 (b) The admitted assets of the life insurance company must  
 22 exceed twenty-five million dollars (\$25,000,000).

23 (c) The life insurance company shall have the right to expend  
 24 from time to time whatever amount or amounts may be necessary  
 25 to conform the real estate to the needs and purposes of the lessee  
 26 and the amount so expended shall be added to and become a part  
 27 of the investment in such real estate.

28 (d) The value for statement and deposit purposes of an investment  
 29 under this paragraph shall be reduced annually by amortization of  
 30 the costs of improvement and development, less land costs, over  
 31 the expected life of the property, which value and amortization  
 32 shall for statement and deposit purposes be determined in a  
 33 manner satisfactory to the commissioner. In determining such  
 34 value with respect to the calendar years in which an investment  
 35 begins or ends with respect to a point in time other than the  
 36 beginning or end of a calendar year, the amortization provided  
 37 above shall be made on a proportional basis.

38 (e) Fire insurance shall be maintained in an amount at least equal  
 39 to the insurable value of the improvements or the difference  
 40 between the value of the land and the value at which such real  
 41 estate is carried for statement and deposit purposes, whichever  
 42 amount is smaller.



1 (f) Real estate acquired in any of the manners described and  
 2 sanctioned under section 3 of this chapter, or otherwise lawfully  
 3 held, except paragraph 5 of that section which specifically relates  
 4 to the acquisition of real estate under this paragraph, shall not be  
 5 affected in any respect by this paragraph unless such real estate  
 6 at or subsequent to its acquisition fulfills the conditions and  
 7 limitations of this paragraph, and is declared by the life insurance  
 8 company in a writing filed with the department to be an  
 9 investment under this paragraph. The value of real estate acquired  
 10 under section 3 of this chapter, or otherwise lawfully held, and  
 11 invested under this paragraph shall be initially that at which it was  
 12 carried for statement and deposit purposes under that section.

13 (g) Neither the cost of each parcel of improved real property nor  
 14 the aggregate cost of all unimproved real property acquired under  
 15 the authority of this paragraph may exceed two percent (2%) of  
 16 the life insurance company's admitted assets. For purposes of this  
 17 paragraph, "unimproved real property" means land containing no  
 18 structures intended for commercial, industrial, or residential  
 19 occupancy, and "improved real property" consists of all land  
 20 containing any such structure. When applying the limitations of  
 21 subparagraph (d) of this paragraph, unimproved real property  
 22 becomes improved real property as soon as construction of any  
 23 commercial, industrial, or residential structure is so completed as  
 24 to be capable of producing income. In the event the real property  
 25 is mortgaged with recourse to the life insurance company or the  
 26 life insurance company commences a plan of construction upon  
 27 real property at its own expense or guarantees payment of  
 28 borrowed funds to be used for such construction, the total project  
 29 cost of the real property will be used in applying the two percent  
 30 (2%) test. Further, no more than ten percent (10%) of the life  
 31 insurance company's admitted assets may be invested in all  
 32 property, measured by the property value for statement and  
 33 deposit purposes as defined in this paragraph, held under this  
 34 paragraph at the same time.

35 9. Deposits of cash in a depository institution, the deposits of which  
 36 are insured by the Federal Deposit Insurance Corporation, or  
 37 certificates of deposit issued by a depository institution, the deposits of  
 38 which are insured by the Federal Deposit Insurance Corporation.

39 10. Bank and bankers' acceptances and other bills of exchange of  
 40 kinds and maturities eligible for purchase or rediscount by federal  
 41 reserve banks.

42 11. Obligations that are issued, guaranteed, assumed, or supported



1 by a business entity organized under the laws of a domestic jurisdiction  
2 and that are rated:

- 3 (a) BBB- or higher by Standard & Poor's Corporation (or A-2 or  
4 higher in the case of commercial paper);  
5 (b) Baa 3 or higher by Moody's Investors Service, Inc. (or P-2 or  
6 higher in the case of commercial paper);  
7 (c) BBB- or higher by Duff and Phelps, Inc. (or D-2 or higher in  
8 the case of commercial paper); or  
9 (d) 1 or 2 by the Securities Valuation Office.

10 Investments may also be made under this paragraph in obligations  
11 that have not received a rating if the earnings available for fixed  
12 charges of the business entity for the period of its five (5) fiscal years  
13 next preceding the date of purchase shall have averaged per year not  
14 less than one and one-half (1 1/2) times its average annual fixed  
15 charges applicable to such period and if during either of the last two (2)  
16 years of such period such earnings available for fixed charges shall  
17 have been not less than one and one-half (1 1/2) times its fixed charges  
18 for such year. However, if the business entity is a finance company or  
19 other lending institution at least eighty percent (80%) of the assets of  
20 which are cash and receivables representing loans or discounts made  
21 or purchased by it, the multiple shall be one and one-quarter (1 1/4)  
22 instead of one and one-half (1 1/2).

23 11.(A) Obligations issued, guaranteed, or assumed by a business  
24 entity organized under the laws of a domestic jurisdiction, which  
25 obligations have not received a rating or, if rated, have not received a  
26 rating that would qualify the obligations for investment under  
27 paragraph 11 of this section. Investments authorized by this paragraph  
28 may not exceed ten percent (10%) of the life insurance company's  
29 admitted assets.

30 12. Preferred stock of, or common or preferred stock guaranteed as  
31 to dividends by, any corporation organized under the laws of a  
32 domestic jurisdiction, which over the period of the seven (7) fiscal  
33 years immediately preceding the date of purchase earned an average  
34 amount per annum at least equal to five percent (5%) of the par value  
35 of its common and preferred stock (or, in the case of stocks having no  
36 par value, of its issued or stated value) outstanding at date of purchase,  
37 or which over such period earned an average amount per annum at least  
38 equal to two (2) times the total of its annual interest charges, preferred  
39 dividends and dividends guaranteed by it, determined with reference  
40 to the date of purchase. No investment shall be made under this  
41 paragraph in a stock upon which any dividend is in arrears or has been  
42 in arrears for ninety (90) days within the immediately preceding five



1 (5) year period.

2 13. Common stock of any solvent corporation organized under the  
3 laws of a domestic jurisdiction which over the seven (7) fiscal years  
4 immediately preceding purchase earned an average amount per annum  
5 at least equal to six percent (6%) of the par value of its capital stock  
6 (or, in the case of stock having no par value, of the issued or stated  
7 value of such stock) outstanding at date of purchase, but the conditions  
8 and limitations of this paragraph shall not apply to the special area of  
9 investment to which paragraph 23 of this section pertains.

10 13.(A) Stock or shares of any mutual fund that:

11 (a) has been in existence for a period of at least five (5) years  
12 immediately preceding the date of purchase, has assets of not less  
13 than twenty-five million dollars (\$25,000,000) at the date of  
14 purchase, and invests substantially all of its assets in investments  
15 permitted under this section; or

16 (b) is a class one money market mutual fund or a class one bond  
17 mutual fund.

18 Investments authorized by this paragraph 13(A) in mutual funds having  
19 the same or affiliated investment advisers shall not at any one (1) time  
20 exceed in the aggregate ten percent (10%) of the life insurance  
21 company's admitted assets. The limitations contained in paragraph 22  
22 of this subsection apply to investments in the types of mutual funds  
23 described in subparagraph (a). For the purposes of this paragraph,  
24 "class one bond mutual fund" means a mutual fund that at all times  
25 qualifies for investment using the bond class one reserve factor under  
26 the ~~"Purposes and Procedures of the Securities Valuation Office" or~~  
27 ~~any successor publication.~~ **Purposes and Procedures Manual of the**  
28 **NAIC Investment Analysis Office.**

29 The aggregate amount of investments under this paragraph may be  
30 limited by the commissioner if the commissioner finds that investments  
31 under this paragraph may render the operation of the life insurance  
32 company hazardous to the company's policyholders or creditors or to  
33 the general public.

34 14. Loans upon the pledge of any of the investments described in  
35 this section other than real estate and those qualifying solely under  
36 paragraph 20 of this subsection, but the amount of such a loan shall not  
37 exceed seventy-five percent (75%) of the value of the investment  
38 pledged.

39 15. Real estate acquired or otherwise lawfully held under the  
40 provisions of IC 27-1, except under paragraph 7 or 8 of this subsection,  
41 which real estate as an investment shall also include the value of  
42 improvements or betterments made thereon subsequent to its



1 acquisition. The value of such real estate for deposit and statement  
 2 purposes is to be determined in a manner satisfactory to the  
 3 department.

4 15.(A) Tangible personal property, equipment trust obligations, or  
 5 other instruments evidencing an ownership interest or other interest in  
 6 tangible personal property when the life insurance company purchasing  
 7 such property has admitted assets in excess of twenty-five million  
 8 dollars (\$25,000,000), and where there is a right to receive determined  
 9 portions of rental, purchase, or other fixed obligatory payments for the  
 10 use of such personal property from a corporation whose obligations  
 11 would be eligible for investment under the provisions of paragraph 11  
 12 of this subsection, provided that the aggregate of such payments  
 13 together with the estimated salvage value of such property at the end  
 14 of its minimum useful life, to be determined in a manner acceptable to  
 15 the insurance commissioner, and the estimated tax benefits to the  
 16 insurer resulting from ownership of such property, is adequate to return  
 17 the cost of the investment in such property, and provided further, that  
 18 each net investment in tangible personal property for which any single  
 19 private corporation is obligated to pay rental, purchase, or other  
 20 obligatory payments thereon does not exceed one-half of one percent  
 21 (1/2%) of the life insurance company's admitted assets, and the  
 22 aggregate net investments made under the provisions of this paragraph  
 23 do not exceed five percent (5%) of the life insurance company's  
 24 admitted assets.

25 16. Loans to policyholders of the life insurance company in amounts  
 26 not exceeding in any case the reserve value of the policy at the time the  
 27 loan is made.

28 17. A life insurance company doing business in a foreign  
 29 jurisdiction may, if permitted or required by the laws of such  
 30 jurisdiction, invest funds equal to its obligations in such jurisdiction in  
 31 investments legal for life insurance companies domiciled in such  
 32 jurisdiction or doing business therein as alien companies.

33 17.(A) Investments in (i) obligations issued, guaranteed, assumed,  
 34 or supported by a foreign jurisdiction or by a business entity organized  
 35 under the laws of a foreign jurisdiction and (ii) preferred stock and  
 36 common stock issued by any such business entity, if the obligations of  
 37 such foreign jurisdiction or business entity, as appropriate, are rated:

- 38 (a) BBB- or higher by Standard & Poor's Corporation (or A-2 or  
 39 higher in the case of commercial paper);  
 40 (b) Baa 3 or higher by Moody's Investors Service, Inc. (or P-2 or  
 41 higher in the case of commercial paper);  
 42 (c) BBB- or higher by Duff and Phelps, Inc. (or D-2 or higher in



1 the case of commercial paper); or

2 (d) 1 or 2 by the Securities Valuation Office.

3 If the obligations issued by a business entity organized under the laws  
4 of a foreign jurisdiction have not received a rating, investments may  
5 nevertheless be made under this paragraph in such obligations and in  
6 the preferred and common stock of the business entity if the earnings  
7 available for fixed charges of the business entity for a period of five (5)  
8 fiscal years preceding the date of purchase have averaged at least three  
9 (3) times its average fixed charges applicable to such period, and if  
10 during either of the last two (2) years of such period, the earnings  
11 available for fixed charges were at least three (3) times its fixed  
12 charges for such year. Investments authorized by this paragraph in a  
13 single foreign jurisdiction shall not exceed ten percent (10%) of the life  
14 insurance company's admitted assets. Subject to section 2.2(g) of this  
15 chapter, investments authorized by this paragraph denominated in  
16 foreign currencies shall not in the aggregate exceed ten percent (10%)  
17 of a life insurance company's admitted assets, and investments in any  
18 one (1) foreign currency shall not exceed five percent (5%) of the life  
19 insurance company's admitted assets. Investments authorized by this  
20 paragraph and paragraph 17(B) shall not in the aggregate exceed  
21 twenty percent (20%) of the life insurance company's admitted assets.  
22 This paragraph in no way limits or restricts investments which are  
23 otherwise specifically eligible for deposit under this section.

24 17.(B) Investments in:

25 (a) obligations issued, guaranteed, or assumed by a foreign  
26 jurisdiction or by a business entity organized under the laws of a  
27 foreign jurisdiction; and

28 (b) preferred stock and common stock issued by a business entity  
29 organized under the laws of a foreign jurisdiction;

30 which investments are not eligible for investment under paragraph  
31 17.(A).

32 Investments authorized by this paragraph 17(B) shall not in the  
33 aggregate exceed five percent (5%) of the life insurance company's  
34 admitted assets. Subject to section 2.2(g) of this chapter, if investments  
35 authorized by this paragraph 17(B) are denominated in a foreign  
36 currency, the investments shall not, as to such currency, exceed two  
37 percent (2%) of the life insurance company's admitted assets.  
38 Investments authorized by this paragraph 17(B) in any one (1) foreign  
39 jurisdiction shall not exceed two percent (2%) of the life insurance  
40 company's admitted assets.

41 Investments authorized by paragraph 17(A) of this subsection and  
42 this paragraph 17(B) shall not in the aggregate exceed twenty percent



- 1 (20%) of the life insurance company's admitted assets.
- 2 18. To protect itself against loss, a company may in good faith  
3 receive in payment of or as security for debts due or to become due,  
4 investments or property which do not conform to the categories,  
5 conditions, limitations, and standards set out above.
- 6 19. A life insurance company may purchase for its own benefit any  
7 of its outstanding annuity or insurance contracts or other obligations  
8 and the claims of holders thereof.
- 9 20. A life insurance company may make investments although not  
10 conforming to the categories, conditions, limitations, and standards  
11 contained in paragraphs 1 through 11, 12 through 19, and 29 through  
12 31 of this subsection, but limited in aggregate amount to the lesser of:  
13 (a) ten percent (10%) of the company's admitted assets; or  
14 (b) the aggregate of the company's capital, surplus, and  
15 contingency reserves reported on the statutory financial statement  
16 of the insurer most recently required to be filed with the  
17 commissioner.
- 18 This paragraph 20 does not apply to investments authorized by  
19 paragraph 11.(A) of this subsection.
- 20 20.(A) Investments under paragraphs 1 through 20 and paragraphs  
21 29 through 31 of this subsection are subject to the general conditions,  
22 limitations, and standards contained in paragraphs 21 through 28 of  
23 this subsection.
- 24 21. Investments in obligations (other than real estate mortgage  
25 indebtedness) and capital stock of, and in real estate and tangible  
26 personal property leased to, a single corporation, shall not exceed two  
27 percent (2%) of the life insurance company's admitted assets, taking  
28 into account the provisions of section 2.2(h) of this chapter. The  
29 conditions and limitations of this paragraph shall not apply to  
30 investments under paragraph 13(A) of this subsection or the special  
31 area of investment to which paragraph 23 of this subsection pertains.
- 32 22. Investments in:  
33 (a) preferred stock; and  
34 (b) common stock;  
35 shall not, in the aggregate, exceed twenty percent (20%) of the life  
36 insurance company's admitted assets, exclusive of assets held in  
37 segregated accounts of the nature defined in class 1(c) of IC 27-1-5-1.  
38 These limitations shall not apply to investments for the special  
39 purposes described in paragraph 23 of this subsection nor to  
40 investments in connection with segregated accounts provided for in  
41 class 1(c) of IC 27-1-5-1.
- 42 23. Investments in subsidiary companies must be made in





1 accordance with IC 27-1-23-2.6.

2 24. No investment, other than commercial bank deposits and loans  
3 on life insurance policies, shall be made unless authorized by the life  
4 insurance company's board of directors or a committee designated by  
5 the board of directors and charged with the duty of supervising loans  
6 or investments.

7 25. No life insurance company shall subscribe to or participate in  
8 any syndicate or similar underwriting of the purchase or sale of  
9 securities or property or enter into any transaction for such purchase or  
10 sale on account of said company, jointly with any other corporation,  
11 firm, or person, or enter into any agreement to withhold from sale any  
12 of its securities or property, but the disposition of its assets shall at all  
13 times be within its control. Nothing contained in this paragraph shall  
14 be construed to invalidate or prohibit an agreement by two (2) or more  
15 companies to join and share in the purchase of investments for bona  
16 fide investment purposes.

17 26. No life insurance company may invest in the stocks or  
18 obligations, except investments under paragraphs 9 and 10 of this  
19 subsection, of any corporation in which an officer of such life insurance  
20 company is either an officer or director. However, this limitation shall  
21 not apply with respect to such investments in:

22 (a) a corporation which is a subsidiary or affiliate of such life  
23 insurance company; or

24 (b) a trade association, provided such investment meets the  
25 requirements of paragraph 5 of this subsection.

26 27. Except for the purpose of mutualization provided for in section  
27 23 of this chapter, or for the purpose of retirement of outstanding  
28 shares of capital stock pursuant to amendment of its articles of  
29 incorporation, or in connection with a plan approved by the  
30 commissioner for purchase of such shares by the life insurance  
31 company's officers, employees, or agents, no life insurance company  
32 shall invest in its own stock.

33 28. In applying the conditions, limitations, and standards prescribed  
34 in paragraphs 11, 12, and 13 of this subsection to the stocks or  
35 obligations of a corporation which in the seven (7) year period  
36 preceding purchase of such stocks or obligations acquired its property  
37 or a substantial part thereof through consolidation, merger, or purchase,  
38 the earnings of the several predecessors or constituent corporations  
39 shall be consolidated.

40 29. A. Before a life insurance company may engage in securities  
41 lending transactions, repurchase transactions, reverse repurchase  
42 transactions, or dollar roll transactions, the life insurance company's



1 board of directors must adopt a written plan that includes guidelines  
2 and objectives to be followed, including the following:

3 (1) A description of how cash received will be invested or used  
4 for general corporate purposes of the company.

5 (2) Operational procedures for managing interest rate risk,  
6 counterparty default risk, and the use of acceptable collateral in  
7 a manner that reflects the liquidity needs of the transaction.

8 (3) A statement of the extent to which the company may engage  
9 in securities lending transactions, repurchase transactions, reverse  
10 repurchase transactions, and dollar roll transactions.

11 B. A life insurance company must enter into a written agreement for  
12 all transactions authorized by this paragraph, other than dollar roll  
13 transactions. The written agreement:

14 (1) must require the termination of each transaction not more than  
15 one (1) year after its inception or upon the earlier demand of the  
16 company; and

17 (2) must be with the counterparty business entity, except that, for  
18 securities lending transactions, the agreement may be with an  
19 agent acting on behalf of the life insurance company if:

20 (A) the agent is:

21 (i) a business entity, the obligations of which are rated BBB-  
22 or higher by Standard & Poor's Corporation (or A-2 or  
23 higher in the case of commercial paper), Baa3 or higher by  
24 Moody's Investors Service, Inc. (or P-2 or higher in the case  
25 of commercial paper), BBB- or higher by Duff and Phelps,  
26 Inc. (or D-2 or higher in the case of commercial paper), or  
27 1 or 2 by the Securities Valuation Office;

28 (ii) a business entity that is a primary dealer in United States  
29 government securities, recognized by the Federal Reserve  
30 Bank of New York; or

31 (iii) any other business entity approved by the  
32 commissioner; and

33 (B) the agreement requires the agent to enter into with each  
34 counterparty separate agreements that are consistent with the  
35 requirements of this paragraph.

36 C. Cash received in a transaction under this paragraph shall be:

37 (1) invested:

38 (A) in accordance with this section 2; and

39 (B) in a manner that recognizes the liquidity needs of the  
40 transaction; or

41 (2) used by the life insurance company for its general corporate  
42 purposes.



1 D. For as long as a transaction under this paragraph remains  
 2 outstanding, the life insurance company or its agent or custodian shall  
 3 maintain, as to acceptable collateral received in the transaction, either  
 4 physically or through book entry systems of the Federal Reserve, the  
 5 Depository Trust Company, the Participants Trust Company, or another  
 6 securities depository approved by the commissioner:

- 7 (1) possession of the acceptable collateral;  
 8 (2) a perfected security interest in the acceptable collateral; or  
 9 (3) in the case of a jurisdiction outside the United States:  
 10 (A) title to; or  
 11 (B) rights of a secured creditor to;  
 12 the acceptable collateral.

13 E. The limitations set forth in paragraphs 17 and 21 of this  
 14 subsection do not apply to transactions under this paragraph 29. For  
 15 purposes of calculations made to determine compliance with this  
 16 paragraph, no effect may be given to the future obligation of the life  
 17 insurance company to:

- 18 (1) resell securities, in the case of a repurchase transaction; or  
 19 (2) repurchase securities, in the case of a reverse repurchase  
 20 transaction.

21 F. A life insurance company shall not enter into a transaction under  
 22 this paragraph if, as a result of the transaction, and after giving effect  
 23 to the transaction:

- 24 (1) the aggregate amount of securities then loaned, sold to, or  
 25 purchased from any one (1) business entity under this paragraph  
 26 would exceed five percent (5%) of the company's admitted assets  
 27 (but in calculating the amount sold to or purchased from a  
 28 business entity under repurchase or reverse repurchase  
 29 transactions, effect may be given to netting provisions under a  
 30 master written agreement); or  
 31 (2) the aggregate amount of all securities then loaned, sold to, or  
 32 purchased from all business entities under this paragraph would  
 33 exceed forty percent (40%) of the admitted assets of the company  
 34 (provided, however, that this limitation does not apply to a reverse  
 35 repurchase transaction if the borrowing is used to meet  
 36 operational liquidity requirements resulting from an officially  
 37 declared catastrophe and is subject to a plan approved by the  
 38 commissioner).

39 G. The following collateral requirements apply to all transactions  
 40 under this paragraph:

- 41 (1) In a securities lending transaction, the life insurance company  
 42 must receive acceptable collateral having a market value as of the



1 transaction date at least equal to one hundred two percent (102%)  
2 of the market value of the securities loaned by the company in the  
3 transaction as of that date. If at any time the market value of the  
4 acceptable collateral received from a particular business entity is  
5 less than the market value of all securities loaned by the company  
6 to that business entity, the business entity shall be obligated to  
7 deliver additional acceptable collateral to the company, the  
8 market value of which, together with the market value of all  
9 acceptable collateral then held in connection with all securities  
10 lending transactions with that business entity, equals at least one  
11 hundred two percent (102%) of the market value of the loaned  
12 securities.

13 (2) In a reverse repurchase transaction, other than a dollar roll  
14 transaction, the life insurance company must receive acceptable  
15 collateral having a market value as of the transaction date equal  
16 to at least ninety-five percent (95%) of the market value of the  
17 securities transferred by the company in the transaction as of that  
18 date. If at any time the market value of the acceptable collateral  
19 received from a particular business entity is less than ninety-five  
20 percent (95%) of the market value of all securities transferred by  
21 the company to that business entity, the business entity shall be  
22 obligated to deliver additional acceptable collateral to the  
23 company, the market value of which, together with the market  
24 value of all acceptable collateral then held in connection with all  
25 reverse repurchase transactions with that business entity, equals  
26 at least ninety-five percent (95%) of the market value of the  
27 transferred securities.

28 (3) In a dollar roll transaction, the life insurance company must  
29 receive cash in an amount at least equal to the market value of the  
30 securities transferred by the company in the transaction as of the  
31 transaction date.

32 (4) In a repurchase transaction, the life insurance company must  
33 receive acceptable collateral having a market value equal to at  
34 least one hundred two percent (102%) of the purchase price paid  
35 by the company for the securities. If at any time the market value  
36 of the acceptable collateral received from a particular business  
37 entity is less than one hundred percent (100%) of the purchase  
38 price paid by the life insurance company in all repurchase  
39 transactions with that business entity, the business entity shall be  
40 obligated to provide additional acceptable collateral to the  
41 company, the market value of which, together with the market  
42 value of all acceptable collateral then held in connection with all



1 repurchase transactions with that business entity, equals at least  
 2 one hundred two percent (102%) of the purchase price. Securities  
 3 acquired by a life insurance company in a repurchase transaction  
 4 shall not be:

- 5 (A) sold in a reverse repurchase transaction;
- 6 (B) loaned in a securities lending transaction; or
- 7 (C) otherwise pledged.

8 30. A life insurance company may invest in obligations or interests  
 9 in trusts or partnerships regardless of the issuer, which are secured by:

- 10 (a) investments authorized by paragraphs 1, 2, 3, 4, or 11 of this  
 11 subsection; or
- 12 (b) collateral with the characteristics and limitations prescribed  
 13 for loans under paragraph 5 of this subsection.

14 For the purposes of this paragraph 30, collateral may be substituted for  
 15 other collateral if it is in the same amount with the same or greater  
 16 interest rate and qualifies as collateral under subparagraph (a) or (b) of  
 17 this paragraph.

18 31. A life insurance company may invest in obligations or interests  
 19 in trusts or partnerships, regardless of the issuer, secured by any form  
 20 of collateral other than that described in subparagraphs (a) and (b) of  
 21 paragraph 30 of this subsection, which obligations or interests in trusts  
 22 or partnerships are rated:

- 23 (a) A- or higher by Standard & Poor's Corporation or Duff and  
 24 Phelps, Inc.;
- 25 (b) A 3 or higher by Moody's Investor Service, Inc.; or
- 26 (c) 1 by the Securities Valuation Office.

27 Investments authorized by this paragraph may not exceed ten percent  
 28 (10%) of the life insurance company's admitted assets.

29 32. A. A life insurance company may invest in short-term pooling  
 30 arrangements as provided in this paragraph.

31 B. The following definitions apply throughout this paragraph:

- 32 (1) "Affiliate" means, as to any person, another person that,  
 33 directly or indirectly through one (1) or more intermediaries,  
 34 controls, is controlled by, or is under common control with the  
 35 person.
- 36 (2) "Control" means the possession, directly or indirectly, of the  
 37 power to direct or cause the direction of the management and  
 38 policies of a person, whether through the ownership of voting  
 39 securities, by contract (other than a commercial contract for goods  
 40 or non-management services), or otherwise, unless the power is  
 41 the result of an official position with or corporate office held by  
 42 the person. Control shall be presumed to exist if a person, directly



1 or indirectly, owns, controls, holds with the power to vote or holds  
 2 proxies representing ten percent (10%) or more of the voting  
 3 securities of another person. This presumption may be rebutted by  
 4 a showing that control does not exist in fact. The commissioner  
 5 may determine, after furnishing all interested persons notice and  
 6 an opportunity to be heard and making specific findings of fact to  
 7 support the determination, that control exists in fact,  
 8 notwithstanding the absence of a presumption to that effect.

9 (3) "Qualified bank" means a national bank, state bank, or trust  
 10 company that at all times is not less than adequately capitalized  
 11 as determined by standards adopted by United States banking  
 12 regulators and that is either regulated by state banking laws or is  
 13 a member of the Federal Reserve System.

14 C. A life insurer may participate in investment pools qualified under  
 15 this paragraph that invest only in:

16 (1) obligations that are rated BBB- or higher by Standard & Poor's  
 17 Corporation (or A-2 or higher in the case of commercial paper),  
 18 Baa 3 or higher by Moody's Investors Service, Inc. (or P-2 or  
 19 higher in the case of commercial paper), BBB- or higher by Duff  
 20 and Phelps, Inc. (or D-2 or higher in the case of commercial  
 21 paper), or 1 or 2 by the Securities Valuation Office, and have:

22 (A) a remaining maturity of three hundred ninety-seven (397)  
 23 days or less or a put that entitles the holder to receive the  
 24 principal amount of the obligation which put may be exercised  
 25 through maturity at specified intervals not exceeding three  
 26 hundred ninety-seven (397) days; or

27 (B) a remaining maturity of three (3) years or less and a  
 28 floating interest rate that resets not less frequently than  
 29 quarterly on the basis of a current short-term index (for  
 30 example, federal funds, prime rate, treasury bills, London  
 31 InterBank Offered Rate (LIBOR) or commercial paper) and is  
 32 not subject to a maximum limit, if the obligations do not have  
 33 an interest rate that varies inversely to market interest rate  
 34 changes;

35 (2) government money market mutual funds or class one money  
 36 market mutual funds; or

37 (3) securities lending, repurchase, and reverse repurchase and  
 38 dollar roll transactions that meet the requirements of paragraph 29  
 39 of this subsection and any applicable regulations of the  
 40 department;

41 provided that the investment pool shall not acquire investments in any  
 42 one (1) business entity that exceed ten percent (10%) of the total assets



1 of the investment pool.

2 D. For an investment pool to be qualified under this paragraph, the  
3 investment pool shall not:

4 (1) acquire securities issued, assumed, guaranteed, or insured by  
5 the life insurance company or an affiliate of the company; or

6 (2) borrow or incur any indebtedness for borrowed money, except  
7 for securities lending, reverse repurchase, and dollar roll  
8 transactions that meet the requirements of paragraph 29 of this  
9 subsection.

10 E. A life insurance company shall not participate in an investment  
11 pool qualified under this paragraph if, as a result of and after giving  
12 effect to the participation, the aggregate amount of participation then  
13 held by the company in all investment pools under this paragraph and  
14 section 2.4 of this chapter would exceed thirty-five percent (35%) of its  
15 admitted assets.

16 F. For an investment pool to be qualified under this paragraph:

17 (1) the manager of the investment pool must:

18 (A) be organized under the laws of the United States, a state or  
19 territory of the United States, or the District of Columbia, and  
20 designated as the pool manager in a pooling agreement; and

21 (B) be the life insurance company, an affiliated company, a  
22 business entity affiliated with the company, or a qualified bank  
23 or a business entity registered under the Investment Advisors  
24 Act of 1940 (15 U.S.C. 80a-1 et seq.);

25 (2) the pool manager or an entity designated by the pool manager  
26 of the type set forth in subdivision (1) of this subparagraph F shall  
27 compile and maintain detailed accounting records setting forth:

28 (A) the cash receipts and disbursements reflecting each  
29 participant's proportionate participation in the investment pool;

30 (B) a complete description of all underlying assets of the  
31 investment pool (including amount, interest rate, maturity date  
32 (if any) and other appropriate designations); and

33 (C) other records which, on a daily basis, allow third parties to  
34 verify each participant's interest in the investment pool; and

35 (3) the assets of the investment pool shall be held in one (1) or  
36 more accounts, in the name of or on behalf of the investment pool,  
37 under a custody agreement or trust agreement with a qualified  
38 bank, which must:

39 (A) state and recognize the claims and rights of each  
40 participant;

41 (B) acknowledge that the underlying assets of the investment  
42 pool are held solely for the benefit of each participant in



- 1 proportion to the aggregate amount of its participation in the  
 2 investment pool; and  
 3 (C) contain an agreement that the underlying assets of the  
 4 investment pool shall not be commingled with the general  
 5 assets of the qualified bank or any other person.
- 6 G. The pooling agreement for an investment pool qualified under  
 7 this paragraph must be in writing and must include the following  
 8 provisions:
- 9 (1) Insurers, subsidiaries, or affiliates of insurers holding interests  
 10 in the pool, or any pension or profit sharing plan of such insurers  
 11 or their subsidiaries or affiliates, shall, at all times, hold one  
 12 hundred percent (100%) of the interests in the investment pool.
- 13 (2) The underlying assets of the investment pool shall not be  
 14 commingled with the general assets of the pool manager or any  
 15 other person.
- 16 (3) In proportion to the aggregate amount of each pool  
 17 participant's interest in the investment pool:
- 18 (A) each participant owns an undivided interest in the  
 19 underlying assets of the investment pool; and  
 20 (B) the underlying assets of the investment pool are held solely  
 21 for the benefit of each participant.
- 22 (4) A participant or (in the event of the participant's insolvency,  
 23 bankruptcy, or receivership) its trustee, receiver, or other  
 24 successor-in-interest may withdraw all or any portion of its  
 25 participation from the investment pool under the terms of the  
 26 pooling agreement.
- 27 (5) Withdrawals may be made on demand without penalty or  
 28 other assessment on any business day, but settlement of funds  
 29 shall occur within a reasonable and customary period thereafter.  
 30 Payments upon withdrawals under this paragraph shall be  
 31 calculated in each case net of all then applicable fees and  
 32 expenses of the investment pool. The pooling agreement shall  
 33 provide for such payments to be made to the participants in one  
 34 (1) of the following forms, at the discretion of the pool manager:
- 35 (A) in cash, the then fair market value of the participant's pro  
 36 rata share of each underlying asset of the investment pool;  
 37 (B) in kind, a pro rata share of each underlying asset; or  
 38 (C) in a combination of cash and in kind distributions, a pro  
 39 rata share in each underlying asset.
- 40 (6) The records of the investment pool shall be made available for  
 41 inspection by the commissioner.
- 42 SECTION 13. IC 27-1-12-2.2, AS AMENDED BY P.L.81-2012,





1 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 2 JULY 1, 2018]: Sec. 2.2. (a) The following definitions apply to this  
 3 section:

4 (1) "Acceptable collateral" means, as to over-the-counter  
 5 derivatives transactions and for the purpose of calculating  
 6 counterparty exposure amounts:

7 (A) cash;

8 (B) cash equivalents;

9 (C) letters of credit; and

10 (D) direct obligations of, or securities that are fully guaranteed  
 11 as to principal and interest by, the government of the United  
 12 States or any agency of the United States, including the  
 13 Federal National Mortgage Association and the Federal Home  
 14 Loan Mortgage Corporation.

15 (2) "Admitted assets" means the life insurance company's assets  
 16 permitted to be reported as admitted assets on the statutory  
 17 financial statement of the insurer most recently required to be  
 18 filed with the commissioner.

19 (3) "Business entity" means:

20 (A) a sole proprietorship;

21 (B) a corporation;

22 (C) a limited liability company;

23 (D) an association;

24 (E) a partnership;

25 (F) a joint stock company;

26 (G) a joint venture;

27 (H) a mutual fund;

28 (I) a trust;

29 (J) a joint tenancy; or

30 (K) another, similar form of business organization;

31 whether organized for-profit or not-for-profit.

32 (4) "Cap" means an agreement obligating the seller to make  
 33 payments to the buyer, with each payment based on the amount  
 34 by which a reference price or level or the performance or value of  
 35 one (1) or more underlying interests exceeds a predetermined  
 36 number, sometimes called the strike rate or strike price.

37 (5) "Cash" means any of the following:

38 (A) United States denominated paper currency and coins.

39 (B) Negotiable money orders and checks.

40 (C) Funds held in any time or demand deposit in any  
 41 depository institution, the deposits of which are insured by the  
 42 Federal Deposit Insurance Corporation.



- 1 (6) "Cash equivalent" means any of the following:  
 2 (A) A certificate of deposit issued by a depository institution,  
 3 the deposits of which are insured by the Federal Deposit  
 4 Insurance Corporation.  
 5 (B) A banker's acceptance issued by a depository institution,  
 6 the deposits of which are insured by the Federal Deposit  
 7 Insurance Corporation.  
 8 (C) A government money market mutual fund.  
 9 (D) A class one money market mutual fund.
- 10 (7) "Class one money market mutual fund" means a money  
 11 market mutual fund that at all times qualifies for investment  
 12 pursuant to the ~~"Purposes and Procedures of the Securities~~  
 13 ~~Valuation Office" or any successor publication~~ **Purposes and**  
 14 **Procedures Manual of the NAIC Investment Analysis Office**  
 15 either using the bond class one reserve factor or because it is  
 16 exempt from asset valuation reserve requirements.
- 17 (8) "Collar" means two (2) derivatives transactions on the same  
 18 underlying interest in which the insurer receives payments as the  
 19 buyer of an option, cap, or floor in one (1) transaction and makes  
 20 payments as the seller of a different option, cap, or floor in the  
 21 second transaction.
- 22 (9) A. "Counterparty exposure amount" means the net amount of  
 23 credit risk attributable to a derivative instrument that a life  
 24 insurance company enters into with another business entity other  
 25 than through a qualified exchange or a qualified foreign  
 26 exchange, or cleared through a qualified clearing house ("over the  
 27 counter derivative instrument"). The amount of credit risk equals:  
 28 (1) the market value of the over-the-counter derivative  
 29 instrument, if the liquidation of the instrument would result in  
 30 a final cash payment to the insurer; or  
 31 (2) zero (0), if the liquidation of the over-the-counter  
 32 derivative instrument would not result in a final cash payment  
 33 to the insurer.
- 34 B. If a life insurance company enters into one (1) or more  
 35 over-the-counter derivative instruments with another business  
 36 entity under a written master agreement that provides for netting  
 37 of payments owed by the respective parties, and the domiciliary  
 38 jurisdiction of the counterparty is either within the United States  
 39 or a foreign jurisdiction listed in the ~~"Purposes and Procedures of~~  
 40 ~~the Securities Valuation Office" or any successor publication~~  
 41 **Purposes and Procedures Manual of the NAIC Investment**  
 42 **Analysis Office** as eligible for netting, the net amount of credit



- 1 risk attributable to the counterparty is the greater of zero (0) or the  
 2 remainder of:
- 3 (1) the market value of the over-the-counter derivative  
 4 instruments entered into under the agreement, the liquidation  
 5 of which would result in a final cash payment to the insurer by  
 6 the business entity; minus
- 7 (2) the market value of the over-the-counter derivative  
 8 instruments entered into under the agreement, the liquidation  
 9 of which would result in a final cash payment by the insurer to  
 10 the business entity.
- 11 C. For open transactions involving over-the-counter derivative  
 12 instruments, market value:
- 13 (1) shall be determined not less frequently than at the end of  
 14 the most recent quarter of the insurer's fiscal year; and
- 15 (2) shall be reduced by the market value of acceptable  
 16 collateral that is:
- 17 (A) held by the insurer; or  
 18 (B) placed in escrow by one (1) or both parties.
- 19 (10) "Covered" means, in the case of a call option, that:
- 20 (A) the life insurance company owns the instrument  
 21 underlying the call option it has written (a "written call")  
 22 during the entire period that the written call is outstanding; or  
 23 (B) pursuant to the exercise of options, warrants, or conversion  
 24 rights already owned when the call option is written and held  
 25 during the period that the written call is outstanding, the life  
 26 insurance company can immediately acquire the instrument  
 27 underlying the written call, if:
- 28 (1) the price at which the underlying instrument can be  
 29 acquired is less than or equal to the strike price of the  
 30 written call; or
- 31 (2) the life insurance company has placed in escrow or,  
 32 pursuant to a custodian agreement, has segregated during  
 33 the entire period that the written call is outstanding, cash,  
 34 cash equivalents, or securities with a market value equal to  
 35 the difference between the price at which the underlying  
 36 instrument can be acquired and the strike price of the written  
 37 call.
- 38 (11) "Covered" means, in the case of a put option, that the life  
 39 insurance company has placed in escrow or, pursuant to a  
 40 custodian agreement, has segregated during the entire period that  
 41 the put option it has sold (a "written put") is outstanding, cash,  
 42 cash equivalents, or securities with a market value equal to the



- 1 amount of the insurer's obligation under the written put.  
 2 (12) "Covered" means, in the case of a cap or floor, that the life  
 3 insurance company holds in its portfolio, during the entire period  
 4 that the cap or floor is outstanding, investments that generate  
 5 sufficient cash flow to make all required payments under the cap  
 6 or floor.  
 7 (13) "Derivative instrument" means an agreement (in the nature  
 8 of a bilateral contract, option, or otherwise), an instrument, or a  
 9 series or combination of agreements and instruments:  
 10 (A) to make or take delivery of, or assume or relinquish, a  
 11 specified amount of one (1) or more of the interests underlying  
 12 the derivative instrument, or to make a cash settlement in lieu  
 13 thereof; or  
 14 (B) that has a price, performance, value, or cash flow based  
 15 primarily upon the actual or expected price, level,  
 16 performance, value, or cash flow of one (1) or more of the  
 17 interests underlying the derivative instrument.  
 18 Derivative instruments include options, warrants used in a  
 19 hedging transaction and not attached to another financial  
 20 instrument, caps, floors, collars, swaps, swaptions, forwards,  
 21 futures, and any other agreements (in the nature of bilateral  
 22 contracts, options, or otherwise) or substantially similar  
 23 instruments, or any series or combination thereof, and any  
 24 agreements (in the nature of bilateral contracts, options, or  
 25 otherwise) or instruments permitted under rules adopted by the  
 26 department.  
 27 (14) "Derivative transaction" means a transaction involving the  
 28 use of one (1) or more derivative instruments. For purposes of this  
 29 section, a derivative transaction may involve a requirement that  
 30 the insurer, a counterparty, or both, are required to post collateral  
 31 with the other party (or a designated third party) pursuant to an  
 32 agreement between the insurer and the counterparty.  
 33 (15) "Domestic jurisdiction" means the United States, any state,  
 34 territory, or possession of the United States, the District of  
 35 Columbia, Canada, or any province of Canada.  
 36 (16) "Floor" means an agreement obligating the seller to make  
 37 payments to the buyer, with each payment based on the amount  
 38 by which a predetermined number, sometimes called the floor rate  
 39 or price, exceeds a reference price or level or the performance or  
 40 value of one or more underlying interests.  
 41 (17) "Foreign currency" means a currency other than that of a  
 42 domestic jurisdiction.



- 1 (18) "Foreign jurisdiction" means a jurisdiction other than a  
 2 domestic jurisdiction.
- 3 (19) "Forward" means an agreement (other than a future) to make  
 4 or take delivery of, or effect a cash settlement based on the actual  
 5 or expected price, level, performance, or value of, one (1) or more  
 6 underlying interests.
- 7 (20) "Future" means an agreement, traded on a qualified exchange  
 8 or qualified foreign exchange, to make or take delivery of, or  
 9 effect a cash settlement based on the actual or expected price,  
 10 level, performance, or value of, one or more underlying interests.
- 11 (21) "Government money market mutual fund" means a money  
 12 market mutual fund that at all times:
- 13 (A) invests only in obligations issued, guaranteed, or insured  
 14 by the United States or collateralized repurchase agreements  
 15 composed of these obligations; and
- 16 (B) qualifies for investment without a reserve pursuant to the  
 17 ~~"Purposes and Procedures of the Securities Valuation Office"~~  
 18 ~~or any successor publication.~~ **Purposes and Procedures**  
 19 **Manual of the NAIC Investment Analysis Office.**
- 20 (22) "Guaranteed or insured," when used in connection with an  
 21 obligation acquired under this section, means that the guarantor  
 22 or insurer has agreed to:
- 23 (A) perform or insure the obligation of the obligor or purchase  
 24 the obligation; or
- 25 (B) be unconditionally obligated until the obligation is repaid  
 26 to maintain in the obligor a minimum net worth, fixed charge  
 27 coverage, stockholders' equity, or sufficient liquidity to enable  
 28 the obligor to pay the obligation in full.
- 29 (23) "Hedging transaction" means a derivative transaction that is  
 30 entered into and maintained to manage:
- 31 (A) the risk of a change in the value, yield, price, cash flow, or  
 32 quantity of assets or liabilities (or a portfolio of assets,  
 33 liabilities, or assets and liabilities) that the insurer has  
 34 acquired or incurred or anticipates acquiring or incurring; or
- 35 (B) currency exchange rate risk or the degree of exposure to  
 36 assets or liabilities (or a portfolio of assets, liabilities, or assets  
 37 and liabilities) that the insurer has acquired or incurred or  
 38 anticipates acquiring or incurring.
- 39 (24) "Income generation transaction" means a derivative  
 40 transaction involving the writing of covered call options, covered  
 41 put options, covered caps, or covered floors.
- 42 (25) "Investment company" means an investment company as



- 1 defined in Section 3(a) of the Investment Company Act of 1940  
 2 (15 U.S.C. 80a-1 et seq.) ~~as amended~~; and a person described in  
 3 Section 3(c) of the Investment Company Act of 1940.  
 4 (26) "Investment company series" means an investment portfolio  
 5 of an investment company that is organized as a series company  
 6 and to which assets of the investment company have been  
 7 specifically allocated.  
 8 (27) "Letter of credit" means a clean, irrevocable, and  
 9 unconditional letter of credit issued or confirmed by, and payable  
 10 and presentable at, a financial institution on the list of financial  
 11 institutions meeting the standards for issuing letters of credit  
 12 under the ~~"Purposes and Procedures of the Securities Valuation~~  
 13 ~~Office" or any successor publication.~~ **Purposes and Procedures**  
 14 **Manual of the NAIC Investment Analysis Office.**  
 15 (28) "Market value" means:  
 16 (A) as to cash, cash equivalents, and letters of credit, the  
 17 amounts thereof;  
 18 (B) as to a security (other than a security that is an  
 19 over-the-counter derivative instrument) as of any date, the  
 20 price for the security on that date obtained from a generally  
 21 recognized source or the most recent quotation from such a  
 22 source or, to the extent no generally recognized source exists,  
 23 the price for the security as determined in good faith by the  
 24 parties to a transaction, plus accrued but unpaid income on the  
 25 security to the extent not included in the price as of that date;  
 26 and  
 27 (C) as to an over-the-counter derivative instrument as of any  
 28 date, the amount that a life insurance company would have to  
 29 pay or would receive for entering into an over-the-counter  
 30 derivative transaction on substantially identical terms with  
 31 another counterparty.  
 32 (29) "Money market mutual fund" means a mutual fund that  
 33 meets the conditions of 17 CFR 270.2a-7, under the Investment  
 34 Company Act of 1940 (15 U.S.C. 80a-1 et seq.).  
 35 (30) "Mutual fund" means:  
 36 (A) an investment company; or  
 37 (B) in the case of an investment company that is organized as  
 38 a series company, an investment company series;  
 39 that is registered with the United States Securities and Exchange  
 40 Commission under the Investment Company Act of 1940 (15  
 41 U.S.C. 80a-1 et seq.).  
 42 (31) "Obligation" means any of the following:



- 1 (A) A bond.  
 2 (B) A note.  
 3 (C) A debenture.  
 4 (D) Any other form of evidence of debt.
- 5 (32) "Option" means an agreement giving the buyer the right to  
 6 buy or receive (a "call option"), sell or deliver (a "put option"),  
 7 enter into, extend or terminate, or effect a cash settlement based  
 8 on the actual or expected price, level, performance, or value of  
 9 one or more underlying interests.
- 10 (33) "Qualified business entity" means a business entity that is:  
 11 (A) an issuer of obligations, preferred stock, or derivative  
 12 instruments that are rated 1 or 2 or are rated the equivalent of  
 13 1 or 2 by the Securities Valuation Office or by a nationally  
 14 recognized statistical rating organization recognized by the  
 15 Securities Valuation Office; or  
 16 (B) a primary dealer in United States government securities,  
 17 recognized by the Federal Reserve Bank of New York.
- 18 (34) "Qualified clearinghouse" means a clearinghouse:  
 19 (A) that is for, and subject to the rules of, a qualified exchange  
 20 or qualified foreign exchange; and  
 21 (B) that provides clearing services, including acting as a  
 22 counterparty to each of the parties to a transaction so that the  
 23 parties no longer have credit risk as to each other.
- 24 (35) "Qualified exchange" means:  
 25 (A) a securities exchange registered as a national securities  
 26 exchange, or a securities market regulated under the Securities  
 27 Exchange Act of 1934 (15 U.S.C. 78 et seq.); ~~as amended;~~  
 28 (B) a board of trade or commodities exchange designated as a  
 29 contract market by the Commodity Futures Trading  
 30 Commission (CFTC); ~~or any successor of the CFTC;~~  
 31 (C) Private Offerings, Resales, and Trading through  
 32 Automated Linkages (PORTAL);  
 33 (D) a designated offshore securities market as defined in  
 34 Securities Exchange Commission Regulation S (17 ~~C.F.R.~~  
 35 **CFR** Part 230); ~~as amended;~~ or  
 36 (E) a qualified foreign exchange.
- 37 (36) "Qualified foreign exchange" means a foreign exchange,  
 38 board of trade, or contract market located outside the United  
 39 States or its territories or possessions:  
 40 (A) that has received regulatory comparability relief under  
 41 CFTC Rule 30.10 (as set forth in Appendix C to Part 30 of the  
 42 CFTC's Regulations (17 ~~C.F.R.~~ **CFR** Part 30));



- 1 (B) that is, or whose members are, subject to the jurisdiction  
 2 of a foreign futures authority that has received regulatory  
 3 comparability relief under CFTC Rule 30.10 (as set forth in  
 4 Appendix C to Part 30 of the CFTC's Regulations (17 ~~C.F.R.~~  
 5 **CFR** Part 30)) as to futures transactions in the jurisdiction  
 6 where the exchange, board of trade, or contract market is  
 7 located; or  
 8 (C) upon which are listed foreign stock index futures contracts  
 9 that are the subject of no-action relief issued by the CFTC's  
 10 Office of the General Counsel, provided that an exchange,  
 11 board of trade, or contract market that qualifies as a qualified  
 12 foreign exchange only under this clause is a qualified foreign  
 13 exchange only as to foreign stock index futures contracts that  
 14 are the subject of no-action relief.
- 15 (37) "Replication transaction" means a derivative transaction that  
 16 is intended to replicate the investment in one (1) or more assets  
 17 that an insurer is authorized to acquire or sell under this section  
 18 or section 2 of this chapter. A derivative transaction that is  
 19 entered into as a hedging transaction shall not be considered a  
 20 replication transaction.
- 21 (38) "Securities Valuation Office" refers to  
 22 ~~(A) the Securities Valuation Office of the National Association~~  
 23 ~~of Insurance Commissioners; or~~  
 24 ~~(B) any successor of the office referred to in Clause (A)~~  
 25 ~~established by the National Association of Insurance~~  
 26 ~~Commissioners. NAIC.~~
- 27 (39) "Swap" means an agreement to exchange or to net payments  
 28 at one (1) or more times based on the actual or expected price,  
 29 level, performance, or value of one (1) or more underlying  
 30 interests.
- 31 (40) "Swaption" means an agreement giving the buyer the right  
 32 (but not the obligation) to enter into a swap at a specified time in  
 33 the future.
- 34 (41) "Underlying interest" means the assets, liabilities, other  
 35 interests or a combination thereof underlying a derivative  
 36 instrument, such as any one (1) or more securities, currencies,  
 37 rates, indices, commodities, or derivative instruments.
- 38 (42) "Warrant" means an instrument that gives the holder the right  
 39 to purchase an underlying financial instrument at a given price  
 40 and time or at a series of prices and times outlined in the warrant  
 41 agreement. Warrants may be issued alone or in connection with  
 42 the sale of other securities, for example, as part of a merger or





- 1           recapitalization agreement or to facilitate divestiture of the  
2           securities of another business entity.
- 3           (b) A life insurance company's board of directors shall do all the  
4           following:
- 5           (1) Before engaging in derivatives transactions, approve a written  
6           plan that specifies guidelines, systems, and objectives to be  
7           followed, such as:
- 8           (A) investment or, if applicable, underwriting objectives and  
9           risk constraints, such as credit risk limits;
- 10          (B) permissible transactions and the relationship of those  
11          transactions to the insurer's operations;
- 12          (C) internal control procedures;
- 13          (D) a system for determining whether a derivative instrument  
14          used for hedging has been effective;
- 15          (E) a credit risk management system for over-the-counter  
16          derivatives transactions that measures credit risk exposure  
17          using the counterparty exposure amount; and
- 18          (F) a mechanism for reviewing and auditing compliance with  
19          the guidelines, systems, and objectives specified in the written  
20          plan.
- 21          (2) Before engaging in derivatives transactions, make a  
22          determination that the insurer's investment managers have  
23          adequate professional personnel, technical expertise, and systems  
24          to implement the insurer's intended investment practices  
25          involving derivative instruments.
- 26          (3) Review whether derivatives transactions have been made in  
27          accordance with the approved guidelines and are consistent with  
28          stated objectives.
- 29          (4) Take action to correct any deficiencies in internal controls  
30          relating to derivatives transactions.
- 31          (c) A life insurance company may use derivative instruments under  
32          this section to engage in hedging transactions, certain income  
33          generation transactions, and certain replication transactions, as these  
34          terms may be further defined in rules adopted by the department. For  
35          each hedging and replication transaction in which it engages, a life  
36          insurance company must be able to demonstrate to the commissioner:
- 37                  (1) the intended characteristics; and
- 38                  (2) the ongoing effectiveness;
- 39          of the derivative transaction or combination of the derivatives  
40          transactions through appropriate analyses.
- 41          (d) A life insurance company insurer may enter into a hedging  
42          transaction under this section if, as a result of the transaction, and after



- 1 giving effect to the transaction:
- 2 (1) the aggregate statement value of options, caps, floors, and
- 3 warrants not attached to another financial instrument purchased
- 4 and used in hedging transactions does not exceed seven and one
- 5 half percent (7.5%) of the insurer's admitted assets;
- 6 (2) the aggregate statement value of options, caps, and floors
- 7 written in hedging transactions does not exceed three percent
- 8 (3%) of the insurer's admitted assets; and
- 9 (3) the aggregate potential exposure of collars, swaps, forwards,
- 10 and futures used in hedging transactions does not exceed six and
- 11 one-half percent (6.5%) of the insurer's admitted assets.
- 12 (e) A life insurance company may enter into the following types of
- 13 income generation transactions:
- 14 (1) sales of covered call options on:
- 15 (A) non-callable fixed income securities;
- 16 (B) callable fixed income securities if the option expires by its
- 17 terms before the end of the noncallable period; or
- 18 (C) derivative instruments based on fixed income securities or
- 19 yields;
- 20 (2) sales of covered call options on equity securities;
- 21 (3) sales of covered puts on investments that the insurer is
- 22 permitted to acquire under section 2 of this chapter; and
- 23 (4) sales of covered caps or floors;
- 24 only if, as a result of the transactions and after giving effect to the
- 25 transactions, the aggregate statement value of the fixed income
- 26 securities that are subject to call or that generate the cash flows for
- 27 payments under the caps or floors, plus the face value of fixed income
- 28 securities underlying a derivative instrument subject to call, plus the
- 29 amount of the purchase obligations under the puts, does not exceed ten
- 30 percent (10%) of the insurer's admitted assets.
- 31 (f) A life insurance company may enter into replication transactions.
- 32 For the purposes of this subsection, a replication transaction is subject
- 33 to the limitations and restrictions set forth in section 2 of this chapter
- 34 to which the replicated investments are subject.
- 35 (g) An investment of a life insurance company that is:
- 36 (1) permitted under section 2(b)(17A) or 2(b)(17B) of this
- 37 chapter; and
- 38 (2) denominated in a foreign currency;
- 39 shall not be considered denominated in a foreign currency if the
- 40 acquiring insurer enters into one (1) or more contracts permitted under
- 41 this section in which the business entity counterparty agrees to
- 42 exchange, or grants to the insurer the option to exchange, all payments



1 made on the foreign currency denominated investment (or amounts  
 2 equivalent to the payments that are or will be due to the insurer in  
 3 accordance with the terms of such investment) for United States or  
 4 Canadian dollars during the period that the contract or contracts are in  
 5 effect, or other contracts with like effect, to insulate the insurer against  
 6 loss caused by diminution of the value of payments owed to the insurer  
 7 due to future changes in currency exchange rates.

8 (h) A life insurance company shall include all counterparty exposure  
 9 amounts in determining compliance with the limitations set forth in  
 10 section 2(b)(21) of this chapter.

11 (i) Upon the request of a life insurance company, the commissioner  
 12 may approve additional transactions involving the use of derivative  
 13 instruments that:

- 14 (1) exceed the limits set forth in subsections (d), (e), and (f); or
- 15 (2) are for other risk management purposes.

16 (j) A life insurance company shall maintain documentation and  
 17 records relating to each derivative transaction. The documentation and  
 18 records must record and include matters such as the following:

- 19 (1) The purpose or purposes of the transaction.
- 20 (2) The assets or liabilities to which the transaction relates.
- 21 (3) The specific derivative instrument used in the transaction.
- 22 (4) For collateralized derivatives transactions, a description of any  
 23 collateral posted by the insurer or the counterparty, as well as  
 24 records documenting any subsequent variations in the amount of  
 25 the collateral.
- 26 (5) For over-the-counter derivative transactions, the name of the  
 27 counterparty and the counterparty exposure amount.
- 28 (6) For exchange traded derivative instruments, the name of the  
 29 exchange and the name of the firm that handled the trade.

30 (k) Each derivative instrument shall be:

- 31 (1) traded on a qualified exchange;
- 32 (2) entered into with, or guaranteed by, a business entity;
- 33 (3) issued or written by or entered into with the issuer of the  
 34 underlying interest on which the derivative instrument is based;
- 35 or
- 36 (4) entered into on a qualified foreign exchange.

37 SECTION 14. IC 27-1-12-2.4 IS AMENDED TO READ AS  
 38 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2.4. (a) The following  
 39 definitions apply to this section:

- 40 (1) "Admitted assets" means a life insurance company's assets  
 41 permitted to be reported as admitted assets on the statutory  
 42 financial statement of the insurer most recently required to be



- 1 filed with the commissioner.  
 2 (2) "Affiliate" means, as to any person, another person that,  
 3 directly or indirectly, through one (1) or more intermediaries:  
 4 (A) controls;  
 5 (B) is controlled by; or  
 6 (C) is under common control with;  
 7 the person.  
 8 (3) "Business entity" means:  
 9 (A) a sole proprietorship;  
 10 (B) a corporation;  
 11 (C) a limited liability company;  
 12 (D) an association;  
 13 (E) a partnership;  
 14 (F) a joint stock company;  
 15 (G) a joint venture;  
 16 (H) a mutual fund;  
 17 (I) a trust;  
 18 (J) a joint tenancy; or  
 19 (K) another, similar form of business organization;  
 20 whether organized for-profit or not-for-profit.  
 21 (4) "Cash" means any of the following:  
 22 (A) United States denominated paper currency and coins.  
 23 (B) Negotiable money orders and checks.  
 24 (C) Funds held in any time or demand deposit in any  
 25 depository institution, the deposits of which are insured by the  
 26 Federal Deposit Insurance Corporation.  
 27 (5) "Control" means the possession, directly or indirectly, of the  
 28 power to direct or cause the direction of the management and  
 29 policies of a person, whether through the ownership of voting  
 30 securities, by contract (other than a commercial contract for goods  
 31 or non-management services), or otherwise, unless the power is  
 32 the result of an official position with or corporate office held by  
 33 the person. Control shall be presumed to exist if a person, directly  
 34 or indirectly, owns, controls, holds with the power to vote or holds  
 35 proxies representing ten percent (10%) or more of the voting  
 36 securities of another person. This presumption may be rebutted by  
 37 a showing that control does not exist in fact. The commissioner  
 38 may determine, after furnishing all interested persons notice and  
 39 an opportunity to be heard and making specific findings of fact to  
 40 support the determination, that control exists in fact,  
 41 notwithstanding the absence of a presumption to that effect.  
 42 (6) "Fixed charges" includes interest on funded and unfunded



- 1 debt, amortization of debt discount, and rentals for leased  
 2 property.
- 3 (7) "Guaranteed or insured," when used in connection with an  
 4 obligation acquired under this section, means that the guarantor  
 5 or insurer has agreed to:
- 6 (A) perform or insure the obligation of the obligor or purchase  
 7 the obligation; or
- 8 (B) be unconditionally obligated until the obligation is repaid  
 9 to maintain in the obligor a minimum net worth, fixed charge  
 10 coverage, stockholders' equity or sufficient liquidity to enable  
 11 the obligor to pay the obligation in full.
- 12 (8) "Investment company" means an investment company as  
 13 defined in Section 3(a) of the Investment Company Act of 1940  
 14 (15 U.S.C. 80a-1, et seq.) ~~as amended~~, and a person described in  
 15 Section 3(c) of the Investment Company Act of 1940 **(15 U.S.C.**  
 16 **80a-1 et seq.)**.
- 17 (9) "Investment company series" means an investment portfolio  
 18 of an investment company that is organized as a series company  
 19 and to which assets of the investment company have been  
 20 specifically allocated.
- 21 (10) "Market value" means:
- 22 (A) as to cash, cash equivalents, and letters of credit, the  
 23 amounts thereof; and
- 24 (B) as to a security as of any date, the price for the security on  
 25 that date obtained from a generally recognized source or the  
 26 most recent quotation from such a source or, to the extent no  
 27 generally recognized source exists, the price for the security as  
 28 determined in good faith by the parties to a transaction, plus  
 29 accrued but unpaid income on the security to the extent not  
 30 included in the price as of that date.
- 31 (11) "Multilateral development bank" means an international  
 32 development organization of which the United States is a  
 33 member.
- 34 (12) "Mutual fund" means:
- 35 (A) an investment company; or
- 36 (B) in the case of an investment company that is organized as  
 37 a series company, an investment company series;  
 38 that is registered with the United States Securities and Exchange  
 39 Commission under the Investment Company Act of 1940 (15  
 40 U.S.C. 80a-1 et seq.).
- 41 (13) "Obligation" means any of the following:
- 42 (A) A bond.



- 1 (B) A note.  
 2 (C) A debenture.  
 3 (D) Any other form of evidence of debt.
- 4 (14) "Person" means an individual, a business entity, a  
 5 multilateral development bank or a government or  
 6 quasi-governmental body, such as a political subdivision or a  
 7 government sponsored enterprise.
- 8 (15) "Qualified bank" means a national bank, state bank, or trust  
 9 company that:  
 10 (A) at all times is not less than adequately capitalized, as  
 11 determined by standards adopted by United States banking  
 12 regulators; and  
 13 (B) is regulated by state banking laws or is a member of the  
 14 Federal Reserve System.
- 15 (16) "Series company" means an investment company that is  
 16 organized as a series company, as defined in ~~Rule 18f-2(a)~~  
 17 ~~adopted under the Investment Company Act of 1940 (15 U.S.C.~~  
 18 ~~80a-1), as amended):~~ **17 CFR 270.18f-2(a).**
- 19 (b) In addition to the authority to participate in investment pools  
 20 under section 2(b)(31) of this chapter, a life insurance company may  
 21 participate in investment pools that:  
 22 (1) are qualified under this section; and  
 23 (2) invest only in investments that an insurer may acquire under  
 24 section 2 of this chapter;  
 25 if the company's proportionate interest in the amount invested in these  
 26 investments does not exceed the applicable limits of section 2 of this  
 27 chapter.
- 28 (c) For an investment pool to be qualified under this section, the  
 29 investment pool shall not:  
 30 (1) acquire securities issued, assumed, guaranteed, or insured by  
 31 the insurer or an affiliate of the insurer; or  
 32 (2) borrow or incur any indebtedness for borrowed money, except  
 33 for securities lending, reverse repurchase, and dollar roll  
 34 transactions that meet the requirements of section 2(b)(29) of this  
 35 chapter.
- 36 (d) A life insurance company shall not participate in an investment  
 37 pool qualified under this section if, as a result of the participation and  
 38 after giving effect to the participation, the aggregate amount of  
 39 participation then held by the insurer in all investment pools under this  
 40 section and under section 2(b)(31) of this chapter would exceed  
 41 thirty-five percent (35%) of the admitted assets of the insurer.
- 42 (e) For an investment pool to be qualified under this section:



- 1 (1) the manager of the investment pool:  
 2 (A) must be organized under the laws of the United States, a  
 3 state or territory of the United States, or the District of  
 4 Columbia;  
 5 (B) must be designated as the pool manager in a pooling  
 6 agreement; and  
 7 (C) must be:  
 8 (i) the insurer;  
 9 (ii) an affiliated insurer;  
 10 (iii) a business entity affiliated with the insurer;  
 11 (iv) a qualified bank; or  
 12 (v) a business entity registered under the Investment  
 13 Advisors Act of 1940 (~~15 U.S.C. 80a-1 et seq.~~); **(15 U.S.C.**  
 14 **80b-1 et seq.)**;  
 15 (2) the pool manager or an entity of the type referred to in  
 16 subdivision (1)(C) that is designated by the pool manager must  
 17 compile and maintain detailed accounting records setting forth:  
 18 (A) the cash receipts and disbursements reflecting each  
 19 participant's proportionate participation in the investment pool;  
 20 (B) a complete description of all underlying assets of the  
 21 investment pool (including the amount, interest rate, maturity  
 22 date (if any) and other appropriate designations); and  
 23 (C) other records that, on a daily basis, allow third parties to  
 24 verify each participant's interest in the investment pool; and  
 25 (3) the assets of the investment pool must be held in one (1) or  
 26 more accounts, in the name of or on behalf of the investment pool,  
 27 in a qualified bank under a custody agreement or trust agreement  
 28 that:  
 29 (A) states and recognizes the claims and rights of each  
 30 participant;  
 31 (B) acknowledges that the underlying assets of the investment  
 32 pool are held solely for the benefit of each participant in  
 33 proportion to the aggregate amount of the participant's  
 34 participation in the investment pool; and  
 35 (C) contains an agreement that the underlying assets of the  
 36 investment pool shall not be commingled with the general  
 37 assets of the qualified bank or the assets of any other person.  
 38 (f) The pooling agreement for an investment pool that is qualified  
 39 under this section must be in writing and must provide the following:  
 40 (1) Insurers, subsidiaries, or affiliates of insurers holding interests  
 41 in the pool, or any pension or profit sharing plan of the insurers or  
 42 their subsidiaries or affiliates, must at all times hold one hundred



1 percent (100%) of the interests in the investment pool.

2 (2) The underlying assets of the investment pool must not be  
3 commingled with the general assets of the pool manager or any  
4 other person.

5 (3) In proportion to the aggregate amount of each pool  
6 participant's interest in the investment pool:

7 (A) each participant owns an undivided interest in the  
8 underlying assets of the investment pool; and

9 (B) the underlying assets of the investment pool are held solely  
10 for the benefit of each participant.

11 (4) A participant or (in the event of the participant's insolvency,  
12 bankruptcy, or receivership) its trustee, receiver, or other  
13 successor-in-interest may withdraw all or any portion of its  
14 participation from the investment pool under the terms of the  
15 pooling agreement.

16 (5) Withdrawals may be made on demand without penalty or  
17 other assessment on any business day, but settlement of funds  
18 shall occur within a reasonable and customary period thereafter.  
19 Payments upon withdrawals under this paragraph shall be  
20 calculated in each case net of all then applicable fees and  
21 expenses of the investment pool. The pooling agreement shall  
22 provide for such payments to be made to the participants in one  
23 (1) of the following forms, at the discretion of the pool manager:

24 (A) in cash, the then fair market value of the participant's pro  
25 rata share of each underlying asset of the investment pool;

26 (B) in kind, a pro rata share of each underlying asset; or

27 (C) in a combination of cash and in kind distributions, a pro  
28 rata share in each underlying asset.

29 (6) The records of the investment pool shall be made available for  
30 inspection by the commissioner.

31 SECTION 15. IC 27-1-12-4 IS AMENDED TO READ AS  
32 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4. (a) All bonds or  
33 other evidences of debt having a fixed term and rate of interest held by  
34 an insurer may, if amply secured and not in default as to principal or  
35 interest, be valued as follows: If purchased at par, at the par value; if  
36 purchased above or below par, on the basis of the purchase price  
37 adjusted so as to bring the value to par at maturity and so as to yield in  
38 the meantime the effective rate of interest at which the purchase was  
39 made, or, instead of this method, according to an accepted method of  
40 valuation approved by the department. The purchase price shall in no  
41 case be taken at a higher figure than the actual market value at the time  
42 of purchase, plus actual brokerage, transfer, postage, or express charges





1 paid in the acquisition of the securities. The department shall have full  
 2 discretion in determining the method of calculating values according  
 3 to the rules set forth in this subsection. However, no such method or  
 4 valuation under this subsection may be inconsistent with any applicable  
 5 method or valuation used by insurers in general or ~~any such~~ **the** method  
 6 ~~then currently formulated or approved by the National Association of~~  
 7 ~~Insurance Commissioners or its successor organization:~~ **specified in**  
 8 **the Accounting Practices and Procedures Manual.**

9 (b) Securities held by an insurer, other than those referred to in  
 10 subsection (a), shall be valued, in the discretion of the department, at  
 11 their market value or at their appraised value or at prices determined by  
 12 the department as representing the fair market value of the securities.  
 13 Preferred or guaranteed stocks or shares, while paying full dividends,  
 14 may be carried at a fixed value in lieu of market value at the discretion  
 15 of the department and in accordance with the method of valuation that  
 16 the department approves. No valuation under this subsection may be  
 17 inconsistent with ~~any the~~ applicable valuation or method ~~then currently~~  
 18 ~~formulated or approved by the National Association of Insurance~~  
 19 ~~Commissioners or its successor organization:~~ **specified in the**  
 20 **Accounting Practices and Procedures Manual.**

21 SECTION 16. IC 27-1-12-7, AS AMENDED BY P.L.276-2013,  
 22 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 2018]: Sec. 7. (a) No policy of life insurance, except as stated  
 24 in subsection (f) of this section, bearing a date of issue which is the  
 25 same as or later than a transition date to be selected by the company  
 26 pursuant to section 12 of this chapter, such transition date in no event  
 27 to be later than January 1, 1948, shall be delivered or issued for  
 28 delivery in this state, or issued by a company organized under the laws  
 29 of this state, unless it shall contain in substance the following  
 30 provisions, or corresponding provisions which in the opinion of the  
 31 department are at least as favorable to defaulting or surrendering  
 32 policyholders as are the minimum requirements specified in this  
 33 section and are essentially in compliance with subsection (g) of this  
 34 section:

35 (1) That, in the event of default in any premium payment after  
 36 premiums have been paid for at least one (1) full year in the case of  
 37 ordinary insurance or three (3) full years in the case of industrial  
 38 insurance, the company will grant, upon proper request made not later  
 39 than sixty (60) days after the due date of the premium in default, a  
 40 paid-up nonforfeiture benefit on a plan stipulated in the policy,  
 41 effective as of such due date, of an amount determined as specified in  
 42 this section. In lieu of such stipulated paid-up nonforfeiture benefit, the



1 company may substitute, upon proper request not later than sixty (60)  
2 days after the due date of the premium in default, an actuarially  
3 equivalent alternative paid-up nonforfeiture benefit which provides a  
4 greater amount or longer period of death benefits or, if applicable, a  
5 greater amount or earlier payment of endowment benefits;

6 (2) That, upon surrender of the policy within sixty (60) days after  
7 the due date of any premium in default, after premiums have been paid  
8 for at least three (3) full years in the case of ordinary insurance or five  
9 (5) full years in the case of industrial insurance, the company will pay,  
10 in lieu of any paid-up nonforfeiture benefit, a cash surrender value of  
11 a stated amount determined as specified in this section;

12 (3) That, if a request for a nonforfeiture benefit or surrender of the  
13 policy is not made or effected as contemplated in subdivisions (1) and  
14 (2) of this subsection, a designated paid-up nonforfeiture benefit shall  
15 become operative as specified in the policy;

16 (4) That, if the policy shall have become paid up by completion of  
17 all premium payments or if it continues in the form of a paid-up  
18 nonforfeiture benefit which became effective on or after the third  
19 policy anniversary in the case of ordinary insurance or the fifth policy  
20 anniversary in the case of industrial insurance, the company will pay,  
21 upon surrender of the policy within thirty (30) days after any policy  
22 anniversary, a cash surrender value of such amount as may be  
23 determined in this section;

24 (5) In the case of policies which cause, on a basis guaranteed in the  
25 policy, unscheduled changes in benefits or premiums, or which provide  
26 an option for changes in benefits or premiums other than a change to  
27 a new policy, a statement of the mortality table, interest rate, and  
28 method used in calculating cash surrender values and the paid-up  
29 nonforfeiture benefits available under the policy. In the case of all other  
30 policies, a statement of the mortality table and interest rate used in  
31 calculating the cash surrender values and the paid-up nonforfeiture  
32 benefits available under the policy, together with a table showing the  
33 cash surrender value, if any, and paid-up nonforfeiture benefit, if any,  
34 available under the policy on each policy anniversary either during the  
35 first twenty (20) policy years or during the term of the policy,  
36 whichever is shorter, such values and benefits to be calculated upon the  
37 assumption that there are no dividends or paid-up additions to the  
38 credit of the policy and that there is no indebtedness to the company on  
39 account of or secured by the policy;

40 (6) A brief and general statement of the method to be used in  
41 calculating the cash surrender values and the paid-up nonforfeiture  
42 benefits available under the policy on the policy anniversaries beyond



1 the last anniversary of those for which such values and benefits are  
2 consecutively shown in the table provided for in subdivision (5) of this  
3 subsection;

4 (7) An explanation of the manner in which the cash surrender value  
5 and the paid-up nonforfeiture benefit or benefits are affected by the  
6 existence of any paid-up additions to the policy or any indebtedness to  
7 the company on account of or secured by the policy.

8 Any of the provisions of this subsection not applicable by reason of  
9 the plan of insurance may, to the extent inapplicable, be omitted from  
10 the policy.

11 The company shall reserve the right to defer the payment of any  
12 cash surrender value for a period of six (6) months after demand  
13 therefor and surrender of the policy.

14 (b) Any cash surrender value available under the policy in the event  
15 of default in a premium payment due on any policy anniversary shall  
16 be an amount not less than the excess, if any, of the present value, on  
17 such anniversary, of the future guaranteed benefits which would have  
18 been provided for by the policy (including any existing paid-up  
19 additions) if there had been no default, over the sum of (1) the then  
20 present value of the adjusted premiums as defined in subsections (d)  
21 and (dd), corresponding to premiums which would have fallen due on  
22 and after such anniversary, and (2) the amount of any indebtedness to  
23 the company on account of or secured by the policy. However, for any  
24 policy issued on or after the operative date of subsection (dd) of this  
25 section which provides supplemental life insurance or annuity benefits  
26 at the option of the insured and for an identifiable additional premium  
27 by rider or supplemental policy provision, the cash surrender value is  
28 an amount not less than the sum of the cash surrender value as defined  
29 in this paragraph for an otherwise similar policy issued at the same age  
30 without such rider or supplemental policy provision and the cash  
31 surrender value as defined in this paragraph for a policy which  
32 provides only the benefits otherwise provided by such rider or  
33 supplemental policy provision.

34 For any family policy issued on or after the operative date of  
35 subsection (dd) of this section, which defines a primary insured and  
36 provides term insurance on the life of the spouse of the primary insured  
37 expiring before the spouse's age seventy-one (71), the cash surrender  
38 value referred to in the first paragraph of this subsection shall be an  
39 amount not less than the sum of the cash surrender value, as defined in  
40 that paragraph, for an otherwise similar policy issued at the same age  
41 without such term insurance on the life of the spouse and the cash  
42 surrender value, as defined in that paragraph, for a policy which



1 provides only the benefits otherwise provided by such term insurance  
2 on the life of the spouse. Any cash surrender value available within  
3 thirty (30) days after any policy anniversary under any policy paid up  
4 by completion of all premium payments or any policy continued under  
5 any paid-up nonforfeiture benefit, shall be an amount not less than the  
6 present value, on such anniversary, of the future guaranteed benefits  
7 provided for by such paid-up policy (including any existing paid-up  
8 additions) decreased by any indebtedness to the company on account  
9 of or secured by the policy.

10 (c) Any paid-up nonforfeiture benefit available under a policy in the  
11 event of default in a premium payment due on any policy anniversary  
12 shall be such that its present value as of such anniversary shall be not  
13 less than the cash surrender value then provided for by such policy or,  
14 if none is provided for, the minimum amount determinable in  
15 accordance with subsection (b) in the absence of the condition of  
16 subsection (a)(2) that premiums be paid for at least a specified period.

17 (d) This subsection does not apply to policies issued on or after the  
18 operative date of subsection (dd) of this section. Except as provided in  
19 the third paragraph of this subsection, the adjusted premiums for any  
20 policy shall be calculated on an annual basis and shall be such uniform  
21 percentage of the respective premiums specified in the policy for each  
22 policy year, excluding any extra premiums charged because of  
23 impairments or special hazards, that the present value, at the date of  
24 issue of the policy, of all such adjusted premiums shall be equal to the  
25 sum of (i) the then present value of the future guaranteed benefits  
26 provided for by the policy; (ii) two per cent (2%) of the amount of  
27 insurance, if the insurance be uniform in amount, or of the equivalent  
28 uniform amount, as hereinafter defined, if the amount of insurance  
29 varies with duration of the policy; (iii) forty per cent (40%) of the  
30 adjusted premium for the first policy year; (iv) twenty-five per cent  
31 (25%) of either the adjusted premium for the first policy year or the  
32 adjusted premium for a whole life policy of the same uniform or  
33 equivalent uniform amount with uniform premiums for the whole of  
34 life issued at the same age for the same amount of insurance, whichever  
35 is less; provided that for the sole purpose of computing the amounts of  
36 (iii) and (iv) above, no adjusted premiums in excess of four per cent  
37 (4%) of the amount of insurance or uniform amount equivalent thereto  
38 shall be used.

39 In the case of a policy providing an amount of insurance varying  
40 with duration of the policy, the equivalent uniform amount thereof for  
41 the purpose of this subsection shall be deemed to be the uniform  
42 amount of insurance provided by an otherwise similar policy,



1 containing the same endowment benefit or benefits, if any, issued at the  
2 same age and for the same term, the amount of which does not vary  
3 with duration and the benefits under which have the same present value  
4 at date of issue as the benefits under the policy; provided that in the  
5 case of a policy for a varying amount of insurance issued on the life of  
6 a child under age ten (10), the equivalent uniform amount may be  
7 computed as though the amount of insurance provided by the policy  
8 prior to the attainment of age ten (10) were the amount provided by  
9 such policy at age ten (10) or at expiry, if earlier.

10 The adjusted premiums for any policy providing term insurance  
11 benefits by rider or supplemental policy provision shall be equal to (a)  
12 the adjusted premiums for an otherwise similar policy issued at the  
13 same age without such term insurance benefits, increased, during the  
14 period for which premiums for such term insurance benefits are  
15 payable, by (b) the adjusted premiums for such term insurance, the  
16 foregoing items (a) and (b) being calculated separately and as specified  
17 in the first two (2) paragraphs of this subsection except that, for the  
18 purposes of (ii), (iii) and (iv) of the first such paragraph, the amount of  
19 insurance or equivalent uniform amount of insurance used in the  
20 calculation of the adjusted premiums referred to in (b) shall be equal  
21 to the excess of the corresponding amount determined for the entire  
22 policy over the amount used in the calculation of the adjusted  
23 premiums in (a).

24 Except as otherwise provided in the succeeding paragraphs of this  
25 subsection, all adjusted premiums and present values referred to in this  
26 section shall for all policies of ordinary insurance be calculated on the  
27 basis of the Commissioners 1941 Standard Ordinary Mortality Table,  
28 provided, that for any category of ordinary insurance issued on female  
29 risks, adjusted premiums and present values may be calculated  
30 according to an age not more than six (6) years younger than the actual  
31 age of the insured, and such calculations for all policies of industrial  
32 insurance shall be made on the basis of the 1941 Standard Industrial  
33 Mortality Table. All calculations shall be made on the basis of the rate  
34 of interest, not exceeding three and one-half percent (3 1/2%) per  
35 annum, specified in the policy for calculating cash surrender values and  
36 paid-up nonforfeiture benefits; provided that in calculating the present  
37 value of any nonforfeiture benefits consisting of paid-up term insurance  
38 with or without pure endowment of a lesser amount, the rates of  
39 mortality assumed may be not more than one hundred and thirty per  
40 cent (130%) of the rates of the mortality according to such applicable  
41 table; and provided that for insurance issued on a substandard basis,  
42 the calculation of any such adjusted premiums and present values may



1 be based on such other table or tables of mortality as may be specified  
 2 by the company and approved by the department **in rules adopted**  
 3 **under IC 4-22-2.**

4 In the case of ordinary policies bearing a date of issue which is the  
 5 same as or later than the operative date of this paragraph as defined in  
 6 the succeeding paragraph, all adjusted premiums and present values  
 7 referred to in this section shall be calculated on the basis of the  
 8 Commissioners 1958 Standard Ordinary Mortality Table and the rate  
 9 of interest, specified in the policy for calculating cash surrender values  
 10 and paid-up nonforfeiture benefits; provided, that such rate of interest  
 11 shall not exceed three and one-half percent (3 1/2%) per annum, except  
 12 that such rate of interest shall not exceed four percent (4%) per annum  
 13 for policies bearing a date of issue of or later than September 1, 1973,  
 14 and prior to September 1, 1979, and the interest rate may not exceed  
 15 five and one-half percent (5 1/2%) per annum for policies bearing a  
 16 date of issue after August 31, 1979; provided that for any category of  
 17 ordinary insurance issued on female risks, adjusted premiums and  
 18 present values may be calculated according to an age not more than six  
 19 (6) years younger than the actual age of the insured; provided that in  
 20 calculating the present value of any nonforfeiture benefits consisting  
 21 of paid-up term insurance with or without pure endowment of a lesser  
 22 amount, the rates of mortality assumed may be not more than those  
 23 shown in the Commissioners 1958 Extended Term Insurance Table;  
 24 and provided that for insurance issued on a substandard basis, the  
 25 calculation of any such adjusted premiums and present values may be  
 26 based on such other table or tables of mortality as may be specified by  
 27 the company and approved by the department **in rules adopted under**  
 28 **IC 4-22-2.**

29 Any company may file with the department a written notice of its  
 30 election to invoke the provisions of the preceding paragraph after a  
 31 specified date before January 1, 1966. After the filing of such notice,  
 32 then upon such specified date (which shall be the operative date of the  
 33 preceding paragraph for such company), the preceding paragraph shall  
 34 become operative with respect to the ordinary policies issued by such  
 35 company and bearing a date of issue which is the same as or later than  
 36 such specified date. If a company makes no such election, the operative  
 37 date of the preceding paragraph for such company shall be January 1,  
 38 1966.

39 In the case of policies of industrial insurance bearing a date of issue  
 40 which is the same as or later than the operative date of this paragraph  
 41 as defined in the succeeding paragraph, all adjusted premiums and  
 42 present values referred to in this section shall be calculated on the basis



1 of the Commissioners 1961 Standard Industrial Mortality Table and the  
 2 rate of interest, specified in the policy for calculating cash surrender  
 3 values and paid-up nonforfeiture benefits; provided that such rate of  
 4 interest shall not exceed three and one-half percent (3 1/2%) per  
 5 annum, except that such rate of interest shall not exceed four percent  
 6 (4%) per annum for policies bearing a date of issue of or later than  
 7 September 1, 1973, and before September 1, 1979, and the rate of  
 8 interest may not exceed five and one-half percent (5 1/2%) per annum  
 9 for policies bearing a date of issue after August 31, 1979; provided,  
 10 further, that in calculating the present value of any nonforfeiture  
 11 benefits consisting of paid-up term insurance with or without pure  
 12 endowment of a lesser amount, the rates of mortality assumed may be  
 13 not more than those shown in the Commissioners 1961 Industrial  
 14 Extended Term Insurance Table; and provided that for insurance issued  
 15 on a substandard basis, the calculations of any such adjusted premiums  
 16 and present values may be based on such other table or tables of  
 17 mortality as may be specified by the company and approved by the  
 18 department **in rules adopted under IC 4-22-2.**

19 Any company may file with the department a written notice of its  
 20 election to invoke the provisions of the preceding paragraph after a  
 21 specified date before January 1, 1968. After the filing of such notice,  
 22 then upon such specified date (which shall be the operative date of the  
 23 preceding paragraph for such company), the preceding paragraph shall  
 24 become operative with respect to the policies of industrial insurance  
 25 issued by such company and bearing a date of issue which is the same  
 26 as or later than such specified date. If a company makes no such  
 27 election, the operative date of the preceding paragraph for such  
 28 company shall be January 1, 1968.

29 (dd)(1) This subsection applies to all policies issued on or after the  
 30 operative date of this subsection. Except as provided in subdivision (7)  
 31 of this subsection, the adjusted premiums for any policy shall be  
 32 calculated on an annual basis and shall be such uniform percentage of  
 33 the respective premiums specified in the policy for each policy year,  
 34 excluding amounts payable as extra premiums to cover impairments or  
 35 special hazards and also excluding any uniform annual contract charge  
 36 or policy fee specified in the policy in a statement of the method to be  
 37 used in calculating the cash surrender values and paid-up nonforfeiture  
 38 benefits, that the present value, at the date of issue of the policy, of all  
 39 adjusted premiums shall be equal to the sum of (i) the then present  
 40 value of the future guaranteed benefits provided for by the policy; (ii)  
 41 one percent (1%) of either the amount of insurance, if the insurance be  
 42 uniform in amount, or the average amount of insurance at the



1 beginning of each of the first ten (10) policy years; and (iii) one  
2 hundred twenty-five percent (125%) of the nonforfeiture net level  
3 premium as defined in this subsection. Provided that in applying the  
4 percentage specified in (iii) no nonforfeiture net level premium may be  
5 considered to exceed four percent (4%) of either the amount of  
6 insurance, if the insurance be uniform in amount, or the average  
7 amount of insurance at the beginning of each of the first ten (10) policy  
8 years. The date of issue of a policy for the purpose of this subsection  
9 shall be the date as of which the rated age of the insured is determined.

10 (2) The nonforfeiture net level premium shall be equal to the present  
11 value, at the date of issue of the policy, of the guaranteed benefits  
12 provided for by the policy divided by the present value, at the date of  
13 issue of the policy, of an annuity of one (1) per annum payable on the  
14 date of issue of the policy and on each anniversary of such policy on  
15 which a premium falls due.

16 (3) In the case of policies which cause on a basis guaranteed in the  
17 policy unscheduled changes in benefits or premiums, or which provide  
18 an option for changes in benefits or premiums other than a change to  
19 a new policy, the adjusted premiums and present values shall initially  
20 be calculated on the assumption that future benefits and premiums do  
21 not change from those stipulated at the date of issue of the policy. At  
22 the time of any such change in the benefits or premiums, the future  
23 adjusted premiums, nonforfeiture net level premiums, and present  
24 values shall be recalculated on the assumption that future benefits and  
25 premiums do not change from those stipulated by the policy  
26 immediately after the change.

27 (4) Except as otherwise provided in subdivision (7) of this  
28 subsection, the recalculated future adjusted premiums for any such  
29 policy shall be such uniform percentage of the respective future  
30 premiums specified in the policy for each policy year, excluding  
31 amounts payable as extra premiums to cover impairments and special  
32 hazards, and also excluding any uniform annual contract charge or  
33 policy fee specified in the policy in a statement of the method to be  
34 used in calculating the cash surrender values and paid-up nonforfeiture  
35 benefits, that the present value, at the time of change to the newly  
36 defined benefits or premiums, of all such future adjusted premiums  
37 shall be equal to the excess of: (A) the sum of (i) the then present value  
38 of the then future guaranteed benefits provided for by the policy and  
39 (ii) the additional expense allowance, if any, over (B) the then cash  
40 surrender value, if any, or present value of any paid-up nonforfeiture  
41 benefit under the policy.

42 (5) The additional expense allowance, at the time of the change to





1 the newly defined benefits or premiums, shall be the sum of (i) one  
 2 percent (1%) of the excess, if positive, of the average amount of  
 3 insurance at the beginning of each of the first ten (10) policy years  
 4 subsequent to the change over the average amount of insurance prior  
 5 to the change at the beginning of each of the first ten (10) policy years  
 6 subsequent to the time of the most recent previous change, or, if there  
 7 has been no previous change, the date of issue of the policy; and (ii)  
 8 one hundred twenty-five percent (125%) of the increase, if positive, in  
 9 the nonforfeiture net level premium.

10 (6) The recalculated nonforfeiture net level premium shall be equal  
 11 to the result obtained by dividing (A) by (B) where:

12 (A) equals the sum of:

13 (i) the nonforfeiture net level premium applicable prior to the  
 14 change times the present value of an annuity of one (1) per annum  
 15 payable on each anniversary of the policy on or subsequent to the  
 16 date of the change on which a premium would have fallen due  
 17 had the change not occurred; and

18 (ii) the present value of the increase in future guaranteed benefits  
 19 provided for by the policy; and

20 (B) equals the present value of an annuity of one (1) per annum  
 21 payable on each anniversary of the policy on or subsequent to the  
 22 date of change on which a premium falls due.

23 (7) Notwithstanding any other provisions of this subsection to the  
 24 contrary, in the case of a policy issued on a substandard basis which  
 25 provides reduced graded amounts of insurance so that, in each policy  
 26 year, that policy has the same tabular mortality cost as an otherwise  
 27 similar policy issued on the standard basis which provides higher  
 28 uniform amounts of insurance, adjusted premiums and present values  
 29 for such substandard policy may be calculated as if it were issued to  
 30 provide such higher uniform amounts of insurance on the standard  
 31 basis.

32 (8) All adjusted premiums and present values referred to in this  
 33 section shall for all policies of ordinary insurance be calculated on the  
 34 basis of (i) the Commissioners 1980 Standard Ordinary Mortality Table  
 35 or (ii) at the election of the company for any one (1) or more specified  
 36 plans of life insurance, the Commissioners 1980 Standard Ordinary  
 37 Mortality Table with Ten-Year Select Mortality Factors; shall for all  
 38 policies of industrial insurance be calculated on the basis of the  
 39 Commissioners 1961 Standard Industrial Mortality Table; and shall for  
 40 all policies issued in a particular calendar year be calculated on the  
 41 basis of a rate of interest not exceeding the nonforfeiture interest rate  
 42 as defined in this subsection, for policies issued in that calendar year.



- 1           However:
- 2           (A) At the option of the company, calculations for all policies
- 3           issued in a particular calendar year may be made on the basis of
- 4           a rate of interest not exceeding the nonforfeiture interest rate, as
- 5           defined in this subsection, for policies issued in the immediately
- 6           preceding calendar year.
- 7           (B) Under any paid-up nonforfeiture benefit, including any
- 8           paid-up dividend additions, any cash surrender value available,
- 9           whether or not required by subsection (a) of this section, shall be
- 10          calculated on the basis of the mortality table and rate of interest
- 11          used in determining the amount of such paid-up nonforfeiture
- 12          benefit and paid-up dividend additions, if any.
- 13          (C) A company may calculate the amount of any guaranteed
- 14          paid-up nonforfeiture benefit including any paid-up additions
- 15          under the policy on the basis of an interest rate no lower than that
- 16          specified in the policy for calculating cash surrender values.
- 17          (D) In calculating the present value of any paid-up term insurance
- 18          with accompanying pure endowment, if any, offered as a
- 19          nonforfeiture benefit, the rates of mortality assumed may be not
- 20          more than those shown in the Commissioners 1980 Extended
- 21          Term Insurance Table for policies of ordinary insurance and not
- 22          more than the Commissioners 1961 Industrial Extended Term
- 23          Insurance Table for policies of industrial insurance.
- 24          (E) For insurance issued on a substandard basis, the calculation
- 25          of any such adjusted premiums and present values may be based
- 26          on appropriate modifications of the tables referred to in this
- 27          subdivision.
- 28          (F) For policies issued:
- 29               (i) before the operative date of the valuation manual
- 30               specified in IC 27-1-12.8-34, any commissioners standard
- 31               ordinary mortality tables, adopted after 1980 by the ~~National~~
- 32               ~~Association of Insurance Commissioners, NAIC~~, that are
- 33               approved by regulation promulgated by the commissioner **in**
- 34               **rules adopted under IC 4-22-2** for use in determining the
- 35               minimum nonforfeiture standard may be substituted for the
- 36               Commissioners 1980 Standard Ordinary Mortality Table
- 37               with or without Ten-Year Select Mortality Factors or for the
- 38               Commissioners 1980 Extended Term Insurance Table; or
- 39               (ii) on or after the operative date of the ~~valuation manual~~
- 40               **Valuation Manual** specified in IC 27-1-12.8-34, the
- 41               ~~valuation manual~~ **Valuation Manual** must provide the
- 42               commissioners standard ordinary mortality table for use in



1 determining the minimum nonforfeiture standard that may  
 2 be substituted for the Commissioners 1980 Standard  
 3 Ordinary Mortality Table with or without Ten-Year Select  
 4 Mortality Factors or for the Commissioners 1980 Extended  
 5 Term Insurance Table. If the commissioner adopts a rule  
 6 under IC 4-22-2 to approve any commissioners standard  
 7 ordinary mortality table adopted by the ~~National Association~~  
 8 ~~of Insurance Commissioners~~ **NAIC** for use in determining  
 9 the minimum nonforfeiture standard for policies issued on  
 10 or after the operative date of the ~~valuation manual~~;  
 11 **Valuation Manual**, that minimum nonforfeiture standard  
 12 supersedes the minimum nonforfeiture standard provided by  
 13 the ~~valuation manual~~ **Valuation Manual**.

14 (G) For policies issued:

15 (i) before the operative date of the ~~valuation manual~~  
 16 **Valuation Manual** specified in IC 27-1-12.8-34, any  
 17 commissioners standard industrial mortality tables, adopted  
 18 after 1980 by the ~~National Association of Insurance~~  
 19 ~~Commissioners~~; **NAIC**, that are approved by regulation  
 20 promulgated by the commissioner **in rules adopted under**  
 21 **IC 4-22-2** for use in determining the minimum nonforfeiture  
 22 standard may be substituted for the Commissioners 1961  
 23 Standard Industrial Mortality Table or the Commissioners  
 24 1961 Industrial Extended Term Insurance Table; or

25 (ii) on or after the operative date of the ~~valuation manual~~  
 26 **Valuation Manual** specified in IC 27-1-12.8-34, the  
 27 ~~valuation manual~~ **Valuation Manual** must provide the  
 28 commissioners standard industrial mortality table for use in  
 29 determining the minimum nonforfeiture standard that may  
 30 be substituted for the Commissioners 1961 Standard  
 31 Industrial Mortality Table or the Commissioners 1961  
 32 Industrial Extended Term Insurance Table. If the  
 33 commissioner adopts a rule under IC 4-22-2 to approve any  
 34 commissioners standard industrial mortality table adopted  
 35 by the ~~National Association of Insurance Commissioners~~  
 36 **NAIC** for use in determining the minimum nonforfeiture  
 37 standard for policies issued on or after the operative date of  
 38 the ~~valuation manual~~; **Valuation Manual**, that minimum  
 39 nonforfeiture standard supersedes the minimum  
 40 nonforfeiture standard provided by the ~~valuation manual~~;  
 41 **Valuation Manual**.

42 (9) The nonforfeiture interest rate per annum for any policy issued



1 in a particular calendar year shall be as follows:

2 (A) For policies issued before the operative date of the  
3 ~~valuation manual~~ **Valuation Manual** specified in  
4 IC 27-1-12.8-34, equal to one hundred twenty-five percent  
5 (125%) of the calendar year statutory valuation interest rate for  
6 such policy under IC 27-1-12.8, rounded to the nearer one  
7 quarter of one percent (1/4 of 1%).

8 (B) For policies issued on or after the operative date of the  
9 ~~valuation manual~~ **Valuation Manual** specified in  
10 IC 27-1-12.8-34, the nonforfeiture interest rate per annum for  
11 a policy issued in a particular calendar year must be provided  
12 by the ~~valuation manual~~ **Valuation Manual**.

13 (10) Notwithstanding any other provision in this title to the contrary,  
14 any refiling of nonforfeiture values or their methods of computation for  
15 any previously approved policy form which involves only a change in  
16 the interest rate or mortality table used to compute nonforfeiture values  
17 shall not require refiling of any other provisions of that policy form.

18 (11) After September 1, 1981, any company may file with the  
19 commissioner a written notice of its election to comply with the  
20 provisions of this subsection after a specified date before January 1,  
21 1989, which shall be the operative date of this subsection for such  
22 company. If a company makes no such election, the operative date of  
23 this subsection for such company shall be January 1, 1989.

24 (e) Any cash surrender value and any paid-up nonforfeiture benefit,  
25 available under the policy in the event of default in a premium payment  
26 due at any time other than on the policy anniversary, shall be calculated  
27 with allowance for the lapse of time and the payment of fractional  
28 premiums beyond the last preceding policy anniversary. All values  
29 referred to in subsections (b), (c), (d), and (dd) may be calculated upon  
30 the assumption that any death benefit is payable at the end of the policy  
31 year of death. The net value of any paid-up additions, other than  
32 paid-up term additions, shall be not less than the amounts used to  
33 provide such additions. Notwithstanding the provisions of subsection  
34 (b), additional benefits payable (1) in the event of death or  
35 dismemberment by accident or accidental means, (2) in the event of  
36 total and permanent disability, (3) as reversionary annuity or deferred  
37 reversionary annuity benefits, (4) as term insurance benefits provided  
38 by a rider or supplemental policy provision to which, if issued as a  
39 separate policy, this section would not apply, (5) as term insurance on  
40 the life of a child or on the lives of children provided in a policy on the  
41 life of a parent of the child, if such term insurance expires before the  
42 child's age is twenty-six (26), is uniform in amount after the child's age



1 is one (1), and has not become paid up by reason of the death of a  
 2 parent of the child, and (6) as other policy benefits additional to life  
 3 insurance and endowment benefits, and premiums for all such  
 4 additional benefits, shall be disregarded in ascertaining cash surrender  
 5 values and nonforfeiture benefits required by this section, and no such  
 6 additional benefits shall be required to be included in any paid-up  
 7 nonforfeiture benefits.

8 (f) This section shall not apply to any reinsurance, group insurance,  
 9 pure endowment, annuity or reversionary annuity contract, nor to any  
 10 term policy of uniform amount, which provides no guaranteed  
 11 nonforfeiture or endowment benefits, or renewal thereof, of twenty (20)  
 12 years or less expiring before age seventy-one (71), for which uniform  
 13 premiums are payable during the entire term of the policy, nor to any  
 14 term policy of decreasing amount, which provides no guaranteed  
 15 nonforfeiture or endowment benefits, on which each adjusted premium,  
 16 calculated as specified in subsections (d) and (dd), is less than the  
 17 adjusted premium so calculated on a term policy of uniform amount,  
 18 or renewal of it, which provides no guaranteed nonforfeiture or  
 19 endowment benefits, issued at the same age and for the same initial  
 20 amount of insurance, and for a term of twenty (20) years or less  
 21 expiring before age seventy-one (71), for which uniform premiums are  
 22 payable during the entire term of the policy, nor to any policy which  
 23 provides no guaranteed nonforfeiture or endowment benefits, for which  
 24 no cash surrender value, if any, or present value of any paid-up  
 25 nonforfeiture benefit, at the beginning of any policy year, calculated as  
 26 specified in subsections (b), (c), (d), and (dd) of this section, exceeds  
 27 two and one-half percent (2 1/2%) of the amount of insurance at the  
 28 beginning of the same policy year, nor to any policy which shall be  
 29 delivered outside this state through an agent or other representative of  
 30 the company issuing the policy. For purposes of determining the  
 31 applicability of this section, the age at expiry for a joint term life  
 32 insurance policy shall be the age at expiry of the oldest life.

33 (g) This subsection, in addition to all other applicable subsections  
 34 of this section, applies to all policies issued on or after January 1, 1985.  
 35 Any cash surrender value available under the policy in the event of  
 36 default in a premium payment due on any policy anniversary shall be  
 37 an amount which does not differ by more than two tenths of one  
 38 percent (.2%) of either the amount of insurance, if the insurance be  
 39 uniform in amount, or the average amount of insurance at the  
 40 beginning of each of the first ten (10) policy years, from the sum of (a)  
 41 the greater of zero (0) and the basic cash value specified in this  
 42 subsection and (b) the present value of any existing paid-up additions



1 less the amount of any indebtedness to the company under the policy.

2 The basic cash value shall be equal to the present value, on such  
3 anniversary, of the future guaranteed benefits which would have been  
4 provided for by the policy, excluding any existing paid-up additions  
5 and before deduction of any indebtedness to the company, if there had  
6 been no default, less the then present value of the nonforfeiture factors,  
7 as defined in this subsection, corresponding to premiums which would  
8 have fallen due on and after such anniversary. However, the effects on  
9 the basic cash value of supplemental life insurance or annuity benefits  
10 or of family coverage, as described in subsection (b) or (d) of this  
11 section, whichever is applicable, shall be the same as are the effects  
12 specified in that subsection on the cash surrender values defined in that  
13 subsection.

14 The nonforfeiture factor for each policy year shall be an amount  
15 equal to a percentage of the adjusted premium for the policy year, as  
16 defined in subsection (d) or (dd), whichever is applicable. Except as is  
17 required by the next succeeding sentence of this paragraph, such  
18 percentage:

19 (1) must be the same percentage for each policy year between the  
20 second policy anniversary and the later of (i) the fifth policy  
21 anniversary and (ii) the first policy anniversary at which there is  
22 available under the policy a cash surrender value in an amount,  
23 before including any paid-up additions and before deducting any  
24 indebtedness, of at least two tenths of one percent (.2%) of either  
25 the amount of insurance, if the insurance be uniform in amount,  
26 or the average amount of insurance at the beginning of each of the  
27 first ten (10) policy years; and

28 (2) must be such that no percentage after the later of the two (2)  
29 policy anniversaries specified in the preceding item (a) may apply  
30 to fewer than five (5) consecutive policy years. No basic cash  
31 value may be less than the value which would be obtained if the  
32 adjusted premiums for the policy, as defined in subsection (d) or  
33 (dd) of this section, whichever is applicable, were substituted for  
34 the nonforfeiture factors in the calculation of the basic cash value.

35 All adjusted premiums and present values referred to in this  
36 subsection shall for a particular policy be calculated on the same  
37 mortality and interest bases as are used in demonstrating the policy's  
38 compliance with the other subsections of this section. The cash  
39 surrender values referred to in this subsection shall include any  
40 endowment benefits provided for by the policy.

41 Any cash surrender value available other than in the event of default  
42 in a premium payment due on a policy anniversary, and the amount of



1 any paid-up nonforfeiture benefit available under the policy in the  
 2 event of default in a premium payment shall be determined in manners  
 3 consistent with the manners specified for determining the analogous  
 4 minimum amounts in subsections (a), (b), (c), (dd), and (e) of this  
 5 section. The amounts of any cash surrender values and of any paid-up  
 6 nonforfeiture benefits granted in connection with additional benefits  
 7 such as those listed as subdivisions (1) through (6) in subsection (e) of  
 8 this section shall conform with the principles of this subsection.

9 (h) In the case of any plan of life insurance which provides for  
 10 future premium determination, the amounts of which are to be  
 11 determined by the insurance company based on then estimates of future  
 12 experience, or in the case of any plan of life insurance which is of such  
 13 a nature that minimum values cannot be determined by the methods  
 14 described in subsections (a), (b), (c), (d), or (dd) of this section then:

15 (1) the commissioner must be satisfied that the benefits provided  
 16 under the plan are substantially as favorable to policyholders and  
 17 insureds as the minimum benefits otherwise required by subsection (a),  
 18 (b), (c), (d), or (dd) of this section;

19 (2) the commissioner must be satisfied that the benefits and the  
 20 pattern of premiums of that plan are not such as to mislead prospective  
 21 policyholders or insureds; and

22 (3) the cash surrender values and paid-up nonforfeiture benefits  
 23 provided by such plan must not be less than the minimum values and  
 24 benefits required for the plan computed by a method consistent with  
 25 the principles of this section, as determined by regulations promulgated  
 26 by the department.

27 SECTION 17. IC 27-1-12-10.5 IS AMENDED TO READ AS  
 28 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 10.5. The department  
 29 shall adopt rules under IC 4-22-2 to prescribe minimum standards for  
 30 the establishment of reserves as ~~required by the National Association~~  
 31 ~~of Insurance Commissioners or its successor organization~~ **specified in**  
 32 **the Valuation Manual** for insurers writing Class 1(a), Class 1(b), and  
 33 Class 1(c) lines of business.

34 SECTION 18. IC 27-1-12.1-13, AS ADDED BY P.L.115-2011,  
 35 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 36 JULY 1, 2018]: Sec. 13. (a) If approved by the commissioner, the  
 37 following are considered to be and must be reported as admitted assets  
 38 of a limited purpose subsidiary:

- 39 (1) Proceeds from a securitization, premiums, and other amounts  
 40 payable by an affiliate to the limited purpose subsidiary.  
 41 (2) Letters of credit.  
 42 (3) Guarantees of the parent.



- 1 (4) Other assets.
- 2 (b) If the commissioner determines that the value of admitted assets
- 3 that:
- 4 (1) were previously approved by the commissioner under
- 5 subsection (a); and
- 6 (2) are not assets that are addressed by the Accounting Practices
- 7 and Procedures Manual; ~~of the National Association of Insurance~~
- 8 ~~Commissioners;~~
- 9 has decreased, the commissioner may require the limited purpose
- 10 subsidiary to provide additional security or collateral.
- 11 (c) The commissioner shall, at least thirty (30) days before taking
- 12 action under subsection (b):
- 13 (1) notify the limited purpose subsidiary of the action; and
- 14 (2) provide to the limited purpose subsidiary an opportunity to
- 15 remedy the issues identified by the commissioner.
- 16 SECTION 19. IC 27-1-12.3-1 IS AMENDED TO READ AS
- 17 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. As used in this
- 18 chapter:
- 19 (a) "Published monthly average" means:
- 20 (1) Moody's corporate bond yield average-monthly average
- 21 corporates as published by Moody's Investors Service, Inc.; ~~or any~~
- 22 ~~successor thereto;~~ or
- 23 (2) in the event that the Moody's corporate bond yield
- 24 average-monthly average corporates is no longer published, a
- 25 substantially similar average, established by regulation issued by
- 26 the insurance commissioner.
- 27 (b) "Insurer" means an entity issuing a policy.
- 28 (c) "Policy loan" means:
- 29 (1) a loan secured by a policy of life insurance under
- 30 ~~IC 27-1-12-6(8)~~ **IC 27-1-12-6(a)(8)** and IC 27-1-12-19;
- 31 (2) any premium loan made under a policy to pay one (1) or more
- 32 premiums that were not paid to the life insurer as they became
- 33 due; or
- 34 (3) a loan secured by any certificate or annuity contract that
- 35 provides loans on the security of the certificate or annuity
- 36 contract.
- 37 (d) "Policyholder" includes the owner of the policy or the person
- 38 designated to pay premiums as shown on the records of the life insurer.
- 39 (e) "Policy" means:
- 40 (1) a life insurance policy;
- 41 (2) a certificate issued by a fraternal benefit society; or
- 42 (3) an annuity contract;





1 that provides for policy loans.

2 (f) "Rate of interest" or "interest rate" means the rate of interest on  
3 policy loans, including the rate of interest charged on reinstatement of  
4 policy loans for the period during and after any lapse.

5 SECTION 20. IC 27-1-12.4-1 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. As used in this  
7 chapter, "Internal Revenue Code" means the Internal Revenue Code of  
8 1986, as ~~amended and~~ in effect on January 1, 1994.

9 SECTION 21. IC 27-1-12.8-13, AS ADDED BY P.L.276-2013,  
10 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2018]: Sec. 13. On and after the operative date of the  
12 ~~valuation manual~~ **Valuation Manual** specified in section 34 of this  
13 chapter, as used in this chapter, "principal based valuation" means a  
14 reserve valuation that:

15 (1) uses at least one (1) method or assumption determined by the  
16 insurer; and

17 (2) is required to comply with section 35 of this chapter as  
18 specified in the ~~valuation manual~~. **Valuation Manual**.

19 SECTION 22. IC 27-1-12.8-17 IS REPEALED [EFFECTIVE JULY  
20 1, 2018]. Sec. 17. As used in this chapter, "~~valuation manual~~" refers to  
21 ~~the manual of valuation instructions adopted by the NAIC~~.

22 SECTION 23. IC 27-1-12.8-22, AS ADDED BY P.L.276-2013,  
23 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
24 JULY 1, 2018]: Sec. 22. (a) This section applies before the operative  
25 date of the ~~valuation manual~~. **Valuation Manual**.

26 (b) Except as otherwise provided in this section, a supporting  
27 memorandum submitted by a company as required by section 21 of this  
28 chapter and material provided to the commissioner by the company in  
29 connection with the supporting memorandum:

30 (1) are confidential;

31 (2) are not subject to subpoena; and

32 (3) are not subject to discovery or admissible in evidence in a  
33 private civil action.

34 However, the commissioner may use the materials and information in  
35 connection with a regulatory or legal action brought as part of the  
36 commissioner's duties.

37 (c) The commissioner, or a person receiving documents, materials,  
38 or other information while acting under the authority of the  
39 commissioner, is not permitted or required to testify in a private civil  
40 action concerning information that is confidential as described in  
41 subsection (b).

42 (d) The commissioner may disclose documents, materials, and other



1 information, including the information described in subsection (b), to:  
 2 (1) other state, federal, and international regulatory agencies;  
 3 (2) the NAIC and affiliates and subsidiaries of the NAIC; and  
 4 (3) state, federal, and international law enforcement authorities;  
 5 if the recipient agrees to maintain the confidential and privileged status  
 6 of the documents, materials, and other information.

7 (e) The commissioner:

8 (1) may receive documents, materials, and other information,  
 9 including confidential and privileged documents, materials, and  
 10 information, from:

11 (A) other state, federal, and international regulatory agencies;

12 (B) the NAIC and affiliates and subsidiaries of the NAIC; and

13 (C) other state, federal, and international law enforcement  
 14 authorities;

15 (2) shall maintain as confidential or privileged all documents,  
 16 materials, and other information received with notice or the  
 17 understanding that the documents, materials, and information are  
 18 confidential or privileged under the law of the jurisdiction that is  
 19 the source of the documents, materials, and information; and

20 (3) may enter into agreements governing sharing and use of  
 21 information consistent with subsections (b) through (d).

22 (f) Any applicable privilege or claim of confidentiality in  
 23 documents, materials, or information described in this section is not  
 24 waived as a result of the disclosure or receipt of the documents,  
 25 materials, or information by the commissioner as authorized by this  
 26 section.

27 (g) A supporting memorandum described in section 21 of this  
 28 chapter and other material provided by the company to the  
 29 commissioner in connection with the supporting memorandum may:

30 (1) be subject to subpoena to defend an action seeking damages  
 31 from the actuary who submitted the supporting memorandum  
 32 under section 21 of this chapter; and

33 (2) be released by the commissioner:

34 (A) with the written consent of the company; or

35 (B) to the American Academy of Actuaries in response to a  
 36 written request that:

37 (i) states that the memorandum or other material is required  
 38 for the purpose of professional disciplinary proceedings; and

39 (ii) sets forth procedures satisfactory to the commissioner  
 40 for preserving the confidentiality of the supporting  
 41 memorandum or other material.

42 (h) If any part of a supporting memorandum described in section 21



1 of this chapter is:

- 2 (1) cited by the company in the company's marketing;  
 3 (2) cited before a governmental agency other than a state  
 4 insurance department; or  
 5 (3) released by the company to the news media;

6 all parts of the supporting memorandum are no longer confidential.

7 (i) The commissioner shall adopt rules under IC 4-22-2 containing  
 8 the minimum standards for the valuation of accident and sickness  
 9 insurance contracts.

10 SECTION 24. IC 27-1-12.8-23, AS ADDED BY P.L.276-2013,  
 11 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 JULY 1, 2018]: Sec. 23. (a) This section applies on and after the  
 13 operative date of the ~~valuation manual~~. **Valuation Manual**.

14 (b) A company with outstanding life insurance contracts, accident  
 15 and sickness insurance contracts, or deposit-type contracts in Indiana  
 16 that is subject to regulation by the commissioner shall:

17 (1) annually submit the opinion of the appointed actuary  
 18 concerning whether the reserves and related actuarial items held  
 19 in support of the contracts:

- 20 (A) are computed appropriately;  
 21 (B) are based on assumptions that satisfy contractual  
 22 provisions;  
 23 (C) are consistent with previously reported amounts; and  
 24 (D) comply with applicable Indiana law;

25 according to the specific requirements prescribed by the ~~valuation~~  
 26 ~~manual~~; **Valuation Manual**; and

27 (2) except as exempted in the ~~valuation manual~~; **Valuation**  
 28 **Manual**, annually submit the opinion of the appointed actuary  
 29 concerning whether the reserves and related actuarial items held  
 30 in support of the contracts specified in the ~~valuation manual~~;  
 31 **Valuation Manual**, when considered with the assets held by the  
 32 company with respect to the reserves and related actuarial items  
 33 including the:

- 34 (A) investment earnings on the assets; and  
 35 (B) considerations anticipated to be received and retained  
 36 under the contracts;

37 make adequate provision for the company's obligations, including  
 38 benefits under, expenses associated with, and any other  
 39 obligations under the contracts.

40 (c) The following requirements apply to an opinion required by  
 41 subsection (b)(2):

- 42 (1) A memorandum, in form and substance as specified in the



1 ~~valuation manual~~ **Valuation Manual** and acceptable to the  
 2 commissioner, must be prepared to support each actuarial  
 3 opinion.

4 (2) If:

5 (A) the company fails to provide a supporting memorandum at  
 6 the request of the commissioner within a period specified in  
 7 the ~~valuation manual~~; **Valuation Manual**; or

8 (B) the commissioner determines that the supporting  
 9 memorandum provided by the company fails to meet the  
 10 standards prescribed by the ~~valuation manual~~ **Valuation**  
 11 **Manual** or is otherwise unacceptable to the commissioner;

12 the commissioner may engage a qualified actuary at the expense  
 13 of the company to review the opinion and the basis for the opinion  
 14 and prepare the supporting memorandum required by the  
 15 commissioner.

16 (d) The following requirements apply to an opinion prepared under  
 17 subsection (b)(1) or (b)(2):

18 (1) The opinion must be in form and substance as specified in the  
 19 ~~valuation manual~~ **Valuation Manual** and acceptable to the  
 20 commissioner.

21 (2) The opinion must be submitted with the annual statement  
 22 reflecting the valuation of the reserves for each year ending on or  
 23 after the operative date of the ~~valuation manual~~; **Valuation**  
 24 **Manual**.

25 (3) The opinion must apply to all contracts subject to subsection  
 26 (b)(2) plus other actuarial liabilities specified in the ~~valuation~~  
 27 ~~manual~~; **Valuation Manual**.

28 (4) The opinion must be based on:

29 (A) standards adopted by the Actuarial Standards Board; ~~or a~~  
 30 ~~successor to the Actuarial Standards Board~~; and

31 (B) additional standards prescribed in the ~~valuation manual~~;  
 32 **Valuation Manual**.

33 (5) In the case of an opinion required to be submitted by a foreign  
 34 or alien company, the commissioner may accept the opinion filed  
 35 by the company with the insurance supervisory official of another  
 36 state if the commissioner determines that the opinion reasonably  
 37 meets the requirements applicable to a company domiciled in  
 38 Indiana.

39 (6) Except in cases of fraud or willful misconduct, the appointed  
 40 actuary is not liable for damages to a person other than the  
 41 company and the commissioner for any act, error, omission,  
 42 decision, or conduct with respect to the appointed actuary's



- 1 opinion.
- 2 (7) Disciplinary action by the commissioner against the company
- 3 or the appointed actuary must be defined in rules adopted by the
- 4 commissioner under IC 4-22-2.
- 5 SECTION 25. IC 27-1-12.8-24, AS ADDED BY P.L.276-2013,
- 6 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 7 JULY 1, 2018]: Sec. 24. (a) Except as provided in sections 25, 26, and
- 8 33 of this chapter, the minimum standard for the valuation of contracts
- 9 issued before the operative date of the ~~valuation manual~~ **Valuation**
- 10 **Manual** specified in section 34 of this chapter and on or after the
- 11 transition date selected by the company under IC 27-1-12-12, the
- 12 transition date in no event to be later than January 1, 1948, is:
- 13 (1) the commissioners reserve valuation methods described in
- 14 sections 27, 28, 31, and 33 of this chapter;
- 15 (2) three and one-half percent (3 1/2%) interest; or
- 16 (3) in the case of life insurance contracts (other than annuity and
- 17 pure endowment contracts) issued after August 31, 1973:
- 18 (A) four percent (4%) interest for contracts issued before
- 19 September 1, 1979;
- 20 (B) five and one-half percent (5 1/2%) interest for single
- 21 premium life insurance contracts; and
- 22 (C) four and one-half percent (4 1/2%) interest for all other
- 23 contracts issued after August 31, 1979.
- 24 (b) In addition to the minimum standards specified in subsection (a),
- 25 the following tables apply:
- 26 (1) For ordinary contracts of life insurance issued on the standard
- 27 basis, excluding disability and accidental death benefits in the
- 28 contracts:
- 29 (A) the Commissioners 1941 Standard Ordinary Mortality
- 30 Table for contracts issued before the operative date of the fifth
- 31 paragraph of IC 27-1-12-7(d);
- 32 (B) for any category of contracts issued:
- 33 (i) on male risks; and
- 34 (ii) on or after the operative date of the fifth paragraph of
- 35 IC 27-1-12-7(d) and before the operative date of
- 36 IC 27-1-12-7(dd);
- 37 the Commissioners 1958 Standard Ordinary Mortality Table;
- 38 (C) for any category of contracts issued:
- 39 (i) on female risks; and
- 40 (ii) on or after the operative date of the fifth paragraph of
- 41 IC 27-1-12-7(d) and before the operative date of
- 42 IC 27-1-12-7(dd);



- 1 the Commissioners 1958 Standard Ordinary Mortality Table  
 2 with all modified net premiums and present values referred to  
 3 in sections 19 through 40 of this chapter calculated according  
 4 to an age not more than six (6) years younger than the actual  
 5 age of the insured; and  
 6 (D) for contracts issued on or after the operative date of  
 7 IC 27-1-12-7(dd):  
 8 (i) the Commissioners 1980 Standard Ordinary Mortality  
 9 Table;  
 10 (ii) at the election of the company for one (1) or more  
 11 specified plans of life insurance, the Commissioners 1980  
 12 Standard Ordinary Mortality Table with Ten-Year Select  
 13 Mortality Factors; or  
 14 (iii) an ordinary mortality table, adopted after 1980 by the  
 15 NAIC, which is approved by rule adopted by the department  
 16 under IC 4-22-2 for use in determining the minimum  
 17 standard of valuation for the contracts.  
 18 (2) For industrial life insurance contracts issued on the standard  
 19 basis, excluding disability and accidental death benefits in the  
 20 contracts:  
 21 (A) the 1941 Standard Industrial Mortality Table for contracts  
 22 bearing a date of issue before the operative date of the seventh  
 23 paragraph of IC 27-1-12-7(d); and  
 24 (B) for contracts bearing a date of issue that is the same as or  
 25 later than the operative date described in clause (A), the  
 26 Commissioners 1961 Standard Industrial Mortality Table or an  
 27 industrial mortality table adopted after 1980 by the NAIC that  
 28 is approved by rule adopted by the department under IC 4-22-2  
 29 for use in determining the minimum standard of valuation for  
 30 the contracts.  
 31 (3) For individual annuity and pure endowment contracts,  
 32 excluding disability and accidental death benefits in the contracts:  
 33 (A) the 1937 Standard Annuity Mortality Table; or  
 34 (B) at the option of the company, the Annuity Mortality Table  
 35 for 1949, Ultimate; or  
 36 (C) a modification of a table specified in clause (A) or (B) that  
 37 is approved by the commissioner **in rules adopted under**  
 38 **IC 4-22-2.**  
 39 (4) For group annuity and pure endowment contracts, excluding  
 40 disability and accidental death benefits in the contracts:  
 41 (A) the Group Annuity Mortality Table for 1951;  
 42 (B) a modification of the table approved by the commissioner



- 1                   **in rules adopted under IC 4-22-2; or**  
 2                   (C) at the option of the company, any of the tables or  
 3                   modifications of tables specified for individual annuity and  
 4                   pure endowment contracts.  
 5                   (5) For total and permanent disability benefits in or  
 6                   supplementary to contracts:  
 7                   (A) for contracts issued after December 31, 1965, the tables of  
 8                   Period 2 disablement rates and the 1930 to 1950 termination  
 9                   rates of the 1952 Disability Study of the Society of Actuaries,  
 10                  with due regard to the type of benefit or tables of disablement  
 11                  rates and termination rates adopted after 1980 by the NAIC,  
 12                  that are approved by rule adopted by the department under  
 13                  IC 4-22-2 for use in determining the minimum standard of  
 14                  valuation for those contracts;  
 15                  (B) for contracts issued after December 31, 1960, and before  
 16                  January 1, 1966:  
 17                    (i) the tables described in clause (A); or  
 18                    (ii) at the option of the company, the Class (3) Disability  
 19                    Table (1926); and  
 20                  (C) for contracts issued before January 1, 1961, the Class (3)  
 21                  Disability Table (1926).  
 22                  Any table described in this subdivision must, for active lives, be  
 23                  combined with a mortality table permitted for calculating the  
 24                  reserves for life insurance contracts.  
 25                  (6) For accidental death benefits in or supplementary to contracts  
 26                  issued after December 31, 1965:  
 27                    (A) the 1959 Accidental Death Benefits Table or any  
 28                    accidental death benefits table adopted after 1980 by the NAIC  
 29                    that is approved by rule adopted by the commissioner under  
 30                    IC 4-22-2 for use in determining the minimum standard of  
 31                    valuation for the contracts;  
 32                    (B) for contracts issued after December 31, 1960, and before  
 33                    January 1, 1966:  
 34                      (i) the table described in clause (A); or  
 35                      (ii) at the option of the company, the Inter-Company Double  
 36                      Indemnity Mortality Table; and  
 37                    (C) for contracts issued before January 1, 1961, the  
 38                    Inter-Company Double Indemnity Mortality Table.  
 39                  A table described in this subdivision must be combined with a  
 40                  mortality table for calculating the reserves for life insurance  
 41                  contracts.  
 42                  (7) For group life insurance, life insurance issued on the



- 1           substandard basis, and other special benefits, tables approved by  
2           the commissioner **in rules adopted under IC 4-22-2.**
- 3           SECTION 26. IC 27-1-12.8-25, AS ADDED BY P.L.276-2013,  
4           SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5           JULY 1, 2018]: Sec. 25. (a) Except as provided in section 26 of this  
6           chapter, the minimum standard of valuation for individual annuity and  
7           pure endowment contracts issued on or after the operative date of this  
8           section, and for annuities and pure endowments purchased on or after  
9           the operative date of this section under group annuity and pure  
10          endowment contracts, and before the operative date of the ~~valuation~~  
11          ~~manual~~ **Valuation Manual** specified in section 34 of this chapter, is  
12          the commissioners reserve valuation methods defined in sections 27  
13          and 28 of this chapter and the following tables and interest rates:
- 14          (1) For individual annuity and pure endowment contracts issued  
15          before September 1, 1979, excluding disability and accidental  
16          death benefits in the contracts, both of the following:
- 17                (A) Either of the following:
- 18                   (i) The 1971 Individual Annuity Mortality Table.
- 19                   (ii) A modification of the table that is approved by the  
20                   commissioner **in rules adopted under IC 4-22-2.**
- 21                (B) Either of the following:
- 22                   (i) Six percent (6%) interest for single premium immediate  
23                   annuity contracts.
- 24                   (ii) Four percent (4%) interest for all other individual  
25                   annuity and pure endowment contracts.
- 26          (2) For individual single premium immediate annuity contracts  
27          issued after August 31, 1979, excluding disability and accidental  
28          death benefits in the contracts, both of the following:
- 29                (A) One (1) of the following:
- 30                   (i) The 1971 Individual Annuity Mortality Table.
- 31                   (ii) An individual annuity mortality table adopted after 1980  
32                   by the NAIC that is approved by rule adopted by the  
33                   commissioner under IC 4-22-2 for use in determining the  
34                   minimum standard of valuation for the contracts.
- 35                   (iii) A modification of a table described in item (i) or (ii)  
36                   that is approved by the commissioner **in rules adopted**  
37                   **under IC 4-22-2.**
- 38                (B) Seven and one-half percent (7 1/2%) interest.
- 39          (3) For individual annuity and pure endowment contracts issued  
40          after August 31, 1979, other than single premium immediate  
41          annuity contracts, excluding disability and accidental death  
42          benefits in the contracts, both of the following:





- 1 (A) One (1) of the following:  
 2 (i) The 1971 Individual Annuity Mortality Table.  
 3 (ii) An individual annuity mortality table adopted after 1980  
 4 by the NAIC that is approved by rule adopted by the  
 5 commissioner under IC 4-22-2 for use in determining the  
 6 minimum standard of valuation for the contracts.  
 7 (iii) A modification of a table described in item (i) or (ii)  
 8 that is approved by the commissioner **in rules adopted**  
 9 **under IC 4-22-2.**
- 10 (B) Either of the following:  
 11 (i) Five and one-half percent (5 1/2%) interest for single  
 12 premium deferred annuity and pure endowment contracts.  
 13 (ii) Four and one-half percent (4 1/2%) interest for all other  
 14 individual annuity and pure endowment contracts.
- 15 (4) For annuities and pure endowments purchased before  
 16 September 1, 1979, under group annuity and pure endowment  
 17 contracts, excluding disability and accidental death benefits  
 18 purchased under the contracts, both of the following:  
 19 (A) Either of the following:  
 20 (i) The 1971 Group Annuity Mortality Table.  
 21 (ii) A modification of the table that is approved by the  
 22 commissioner **in rules adopted under IC 4-22-2.**  
 23 (B) Six percent (6%) interest.
- 24 (5) For annuities and pure endowments purchased after August  
 25 31, 1979, under group annuity and pure endowment contracts,  
 26 excluding disability and accidental death benefits purchased  
 27 under the contracts, both of the following:  
 28 (A) One (1) of the following:  
 29 (i) The 1971 Group Annuity Mortality Table.  
 30 (ii) A group annuity mortality table adopted after 1980 by  
 31 the NAIC that is approved by rule adopted by the  
 32 commissioner under IC 4-22-2 for use in determining the  
 33 minimum standard of valuation for annuities and pure  
 34 endowments.  
 35 (iii) A modification of a table described in item (i) or (ii)  
 36 that is approved by the commissioner **in rules adopted**  
 37 **under IC 4-22-2.**  
 38 (B) Seven and one-half percent (7 1/2%) interest.
- 39 (b) After September 1, 1973, a company may file with the  
 40 commissioner a written notice of the company's election to comply with  
 41 this section after a specified date before January 1, 1979, which is the  
 42 operative date of this section for the company. If a company makes no



1 election, the operative date of this section for the company is January  
2 1, 1979.

3 SECTION 27. IC 27-1-12.8-34, AS ADDED BY P.L.276-2013,  
4 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2018]: Sec. 34. (a) Except as provided in subsections (e) and  
6 (g), for contracts issued on or after the operative date of the ~~valuation~~  
7 ~~manual~~, **Valuation Manual**, the standard prescribed in the ~~valuation~~  
8 ~~manual~~ **Valuation Manual** is the minimum standard of valuation  
9 required under section 20 of this chapter.

10 (b) The operative date of the ~~valuation manual~~ **Valuation Manual**  
11 is January 1 of the first calendar year following the first July 1 as of  
12 which all of the following have occurred:

13 (1) The ~~valuation manual~~ **Valuation Manual** has been adopted  
14 by the NAIC by an affirmative vote of at least forty-two (42)  
15 members, or three-fourths (3/4) of the members voting, whichever  
16 is greater.

17 (2) The ~~"Standard Valuation Law"~~ of the NAIC, as amended by  
18 the NAIC in 2009, or Legislation including containing  
19 substantially similar terms and provisions **as the terms and**  
20 **provisions contained in this chapter** has been enacted by states  
21 representing greater than seventy-five percent (75%) of the direct  
22 premiums written as reported in the following annual statements  
23 submitted for 2008:

24 (A) Life, accident, and health annual statements.

25 (B) Health annual statements.

26 (C) Fraternal annual statements.

27 (3) The ~~"Standard Valuation Law"~~ of the NAIC, as amended by  
28 the NAIC in 2009, or Legislation including containing  
29 substantially similar terms and provisions **as the terms and**  
30 **provisions contained in this chapter** has been enacted by at least  
31 forty-two (42) of the following fifty-five (55) jurisdictions:

32 (A) The fifty (50) states of the United States.

33 (B) American Samoa.

34 (C) The American Virgin Islands.

35 (D) The District of Columbia.

36 (E) Guam.

37 (F) Puerto Rico.

38 (c) Unless a change in the ~~valuation manual~~ **Valuation Manual**  
39 specifies a later effective date, changes to the ~~valuation manual~~  
40 **Valuation Manual** are effective on the January 1 following the date  
41 when the change to the ~~valuation manual~~ **Valuation Manual** has been  
42 adopted by the NAIC by an affirmative vote representing:



- 1 (1) at least three-fourths (3/4) of the members of the NAIC voting,  
 2 but not less than a majority of the total membership; and  
 3 (2) members of the NAIC representing jurisdictions totaling  
 4 greater than seventy-five percent (75%) of the direct premiums  
 5 written, as reported in the following annual statements most  
 6 recently available before the vote:  
 7 (A) Life, accident, and health annual statements.  
 8 (B) Health annual statements.  
 9 (C) Fraternal annual statements.
- 10 (d) The ~~valuation manual~~ **Valuation Manual** must specify all of the  
 11 following:  
 12 (1) Minimum valuation standards for contracts that are subject to  
 13 section 20 of this chapter are the following:  
 14 (A) The commissioners reserve valuation method for life  
 15 insurance contracts, other than annuity contracts.  
 16 (B) The commissioners annuity reserve valuation method for  
 17 annuity contracts.  
 18 (C) Minimum reserves for all other contracts.  
 19 (2) The contracts or types of contracts that are subject to the  
 20 requirements of a principle based valuation under section 35 of  
 21 this chapter and the minimum valuation standards consistent with  
 22 the requirements.  
 23 (3) For contracts that are subject to a principle based valuation  
 24 under section 35 of this chapter, the following:  
 25 (A) Requirements for:  
 26 (i) the format of the reports to the commissioner under  
 27 section 35(c)(3) of this chapter; and  
 28 (ii) which certifications described in item (i) must include  
 29 information necessary to determine whether the valuation is  
 30 appropriate and in compliance with sections 19 through 40  
 31 of this chapter.  
 32 (B) Assumptions prescribed for risks over which the company  
 33 does not have significant control or influence.  
 34 (C) Procedures for corporate governance and oversight of the  
 35 actuarial function and a process for appropriate waiver or  
 36 modification of the procedures.  
 37 (4) For contracts that are not subject to a principle-based  
 38 valuation under section 35 of this chapter, the minimum valuation  
 39 standard must:  
 40 (A) be consistent with the minimum standard of valuation  
 41 before the operative date of the ~~valuation manual~~; **Valuation**  
 42 **Manual**; or



- 1 (B) develop reserves that quantify:  
 2 (i) the benefits, guarantees, and funding associated with the  
 3 contracts; and  
 4 (ii) the contracts' risks at a level of conservatism that reflects  
 5 conditions that include unfavorable events that have a  
 6 reasonable probability of occurring.
- 7 (5) Other requirements, including requirements relating to:  
 8 (A) Reserve methods.  
 9 (B) Models for measuring risk.  
 10 (C) Generation of economic scenarios.  
 11 (D) Assumptions.  
 12 (E) Margins.  
 13 (F) Use of company experience.  
 14 (G) Risk measurement.  
 15 (H) Disclosure.  
 16 (I) Certifications.  
 17 (J) Reports.  
 18 (K) Actuarial opinions and memorandums.  
 19 (L) Transition rules.  
 20 (M) Internal controls.
- 21 (6) The data and form of the data required under section 36 of this  
 22 chapter, including:  
 23 (A) the person to whom the data must be submitted;  
 24 (B) data analyses; and  
 25 (C) reporting of analyses.
- 26 (e) If:  
 27 (1) there is no specific valuation requirement; or  
 28 (2) a specific valuation requirement in the ~~valuation manual~~  
 29 **Valuation Manual** is not, in the opinion of the commissioner, in  
 30 compliance with sections 19 through 40 of this chapter;  
 31 a company shall, with respect to the specific valuation requirements,  
 32 comply with minimum valuation standards prescribed by the  
 33 commissioner in rules adopted under IC 4-22-2.
- 34 (f) The commissioner may employ or contract with a qualified  
 35 actuary, at the expense of a company, to:  
 36 (1) perform an actuarial examination of the company and provide  
 37 an opinion concerning the appropriateness of any reserve  
 38 assumption or method used by the company; or  
 39 (2) review and provide an opinion concerning the company's  
 40 compliance with a requirement of this chapter. The commissioner  
 41 may rely upon an opinion of a qualified actuary engaged by the  
 42 commissioner of another state, district, or territory of the United



- 1 States concerning sections 19 through 40 of this chapter.  
 2 (g) The commissioner may:  
 3 (1) require a company to change an assumption or method that in  
 4 the opinion of the commissioner is necessary to comply with the  
 5 requirements of the ~~valuation manual~~ **Valuation Manual** or  
 6 sections 19 through 40 of this chapter; and  
 7 (2) take other disciplinary action allowed by law.  
 8 A company described in subdivision (1) shall adjust reserves as  
 9 required by the commissioner.  
 10 SECTION 28. IC 27-1-12.8-35, AS ADDED BY P.L.276-2013,  
 11 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 JULY 1, 2018]: Sec. 35. (a) This section applies on and after the  
 13 operative date of the ~~valuation manual~~ **Valuation Manual** specified in  
 14 section 34 of this chapter.  
 15 (b) A company shall, using a principle based valuation, establish  
 16 reserves that meet the following conditions for contracts, as specified  
 17 in the ~~valuation manual~~: **Valuation Manual**:  
 18 (1) The reserves quantify the benefits, guarantees, and funding  
 19 associated with the contracts and the contracts' risks at a level of  
 20 conservatism that:  
 21 (A) reflects conditions that include unfavorable events that  
 22 have a reasonable probability of occurring during the lifetime  
 23 of the contracts; and  
 24 (B) for policies or contracts with significant tail risk, reflects  
 25 conditions appropriately adverse to quantify the tail risk.  
 26 (2) The reserves incorporate assumptions, risk analysis methods,  
 27 and financial models and management techniques that are  
 28 consistent with the assumptions, risk analysis methods, and  
 29 financial models and management techniques used within the  
 30 company's overall risk assessment process, while recognizing  
 31 potential differences in financial reporting structures and  
 32 prescribed assumptions or methods.  
 33 (3) The reserves incorporate assumptions that are derived in one  
 34 (1) of the following manners:  
 35 (A) The assumption is prescribed in the ~~valuation manual~~:  
 36 **Valuation Manual**.  
 37 (B) For an assumption that is not prescribed in the ~~valuation~~  
 38 ~~manual~~: **Valuation Manual**, the assumption must:  
 39 (i) be established using the company's available experience  
 40 to the extent the experience is relevant and statistically  
 41 credible; or  
 42 (ii) to the extent that company data is not available, relevant,



- 1 or statistically credible, be established using other relevant,  
 2 statistically credible experience.
- 3 (4) The reserves provide margins for uncertainty, including  
 4 adverse deviation and estimation error, such that the greater the  
 5 uncertainty, the larger the margin and resulting reserve.
- 6 (c) A company using a principle based valuation for at least one (1)  
 7 contract that is subject to this section, as specified in the ~~valuation~~  
 8 ~~manual;~~ **Valuation Manual**, shall do the following:
- 9 (1) Establish procedures for corporate governance and oversight  
 10 of the actuarial valuation function consistent with the procedures  
 11 described in the ~~valuation manual;~~ **Valuation Manual**.
- 12 (2) Provide to the commissioner and the board of directors an  
 13 annual certification of the effectiveness of the internal controls  
 14 with respect to the principle based valuation. The internal controls  
 15 must be designed to assure that:
- 16 (A) all material risks inherent in the liabilities and associated  
 17 assets that are subject to the valuation are included in the  
 18 valuation; and
- 19 (B) valuations are made in accordance with the ~~valuation~~  
 20 ~~manual;~~ **Valuation Manual**.
- 21 The certification must be based on the controls in place as of the  
 22 end of the preceding calendar year.
- 23 (3) Develop, and file with the commissioner upon request, a  
 24 principle based valuation report that complies with standards  
 25 prescribed in the ~~valuation manual;~~ **Valuation Manual**.
- 26 (d) A principle based valuation may include a prescribed formulaic  
 27 reserve component.
- 28 SECTION 29. IC 27-1-12.8-37, AS ADDED BY P.L.276-2013,  
 29 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 30 JULY 1, 2018]: Sec. 37. (a) Except as provided in this section and  
 31 section 38 of this chapter, a company's confidential information is:
- 32 (1) confidential by law and privileged;  
 33 (2) not subject to subpoena; and  
 34 (3) not subject to discovery or admissible in evidence in a private  
 35 civil action.
- 36 However, the commissioner may use confidential information in the  
 37 furtherance of a regulatory or legal action brought against the company  
 38 as a part of the commissioner's duties.
- 39 (b) The commissioner, or a person receiving confidential  
 40 information while acting under the authority of the commissioner, is  
 41 not permitted or required to testify in a private civil action concerning  
 42 confidential information.



- 1 (c) The commissioner may disclose confidential information to:  
 2 (1) other state, federal, and international regulatory agencies;  
 3 (2) the NAIC and affiliates and subsidiaries of the NAIC;  
 4 (3) only in the case of confidential information specified in  
 5 section 5(1) and 5(4) of this chapter, the Actuarial Board for  
 6 Counseling and Discipline ~~or the successor to the Actuarial Board~~  
 7 ~~for Counseling and Discipline~~ upon request stating that the  
 8 confidential information is required for professional disciplinary  
 9 proceedings; and  
 10 (4) state, federal, and international law enforcement authorities;  
 11 if the recipient agrees, and has the legal authority to agree, to maintain  
 12 the confidential and privileged status of the confidential information in  
 13 the same manner and to the same extent as required for the  
 14 commissioner.
- 15 (d) The commissioner:  
 16 (1) may receive confidential information, including privileged  
 17 confidential information, from:  
 18 (A) other state, federal, and international regulatory agencies;  
 19 (B) the NAIC and affiliates and subsidiaries of the NAIC;  
 20 (C) the Actuarial Board for Counseling and Discipline; ~~or the~~  
 21 ~~successor to the Actuarial Board for Counseling and~~  
 22 ~~Discipline~~; and  
 23 (D) other state, federal, and international law enforcement  
 24 authorities; and  
 25 (2) shall maintain as confidential or privileged all confidential  
 26 information received with notice or the understanding that the  
 27 confidential information is confidential or privileged under the  
 28 law of the jurisdiction that is the source of the confidential  
 29 information.
- 30 (e) The commissioner may enter into agreements governing sharing  
 31 and use of information consistent with this section.
- 32 (f) Any applicable privilege or claim of confidentiality in  
 33 confidential information described in this section is not waived as a  
 34 result of the disclosure or receipt of the confidential information by the  
 35 commissioner under this section.
- 36 (g) A privilege established under the law of any state or jurisdiction  
 37 that is substantially similar to the privilege established under this  
 38 section is available and must be enforced in a proceeding in and by any  
 39 court of this state.
- 40 (h) For purposes of this section, "regulatory agency", "law  
 41 enforcement agency", and "NAIC" include employees, agents,  
 42 consultants, and contractors of a regulatory agency, law enforcement



1 agency, and NAIC.

2 SECTION 30. IC 27-1-13-3, AS AMENDED BY P.L.81-2012,  
3 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2018]: Sec. 3. (a) The following definitions apply throughout  
5 this section:

6 (1) "Acceptable collateral" means the following:

7 (A) As to securities lending transactions and for the purpose  
8 of calculating counterparty exposure:

9 (i) cash;

10 (ii) cash equivalents;

11 (iii) letters of credit; and

12 (iv) direct obligations of, or securities that are fully  
13 guaranteed as to principal and interest by, the government of  
14 the United States or any agency of the United States,  
15 including the Federal National Mortgage Association and  
16 the Federal Home Loan Mortgage Corporation.

17 (B) As to lending foreign securities, sovereign debt rated 1 by  
18 the Securities Valuation Office.

19 (C) As to repurchase transactions:

20 (i) cash;

21 (ii) cash equivalents; and

22 (iii) direct obligations of, or securities that are fully  
23 guaranteed as to principal and interest by, the government of  
24 the United States or any agency of the United States,  
25 including the Federal National Mortgage Association and  
26 the Federal Home Loan Mortgage Corporation.

27 (D) As to reverse repurchase transactions:

28 (i) cash; and

29 (ii) cash equivalents.

30 (2) "Admitted assets" means assets permitted to be reported as  
31 admitted assets on the statutory financial statement of the insurer  
32 most recently required to be filed with the commissioner.

33 (3) "Business entity" means any of the following:

34 (A) A sole proprietorship.

35 (B) A corporation.

36 (C) A limited liability company.

37 (D) An association.

38 (E) A general partnership.

39 (F) A limited partnership.

40 (G) A limited liability partnership.

41 (H) A joint stock company.

42 (I) A joint venture.





- 1 (J) A trust.  
 2 (K) A joint tenancy.  
 3 (L) Any other similar form of business organization, whether  
 4 for profit or nonprofit.  
 5 (4) "Cash" means any of the following:  
 6 (A) United States denominated paper currency and coins.  
 7 (B) Negotiable money orders and checks.  
 8 (C) Funds held in any time or demand deposit in any  
 9 depository institution, the deposits of which are insured by the  
 10 Federal Deposit Insurance Corporation.  
 11 (5) "Cash equivalent" means any of the following:  
 12 (A) A certificate of deposit issued by a depository institution,  
 13 the deposits of which are insured by the Federal Deposit  
 14 Insurance Corporation.  
 15 (B) A banker's acceptance issued by a depository institution,  
 16 the deposits of which are insured by the Federal Deposit  
 17 Insurance Corporation.  
 18 (C) A government money market mutual fund.  
 19 (D) A class one (1) money market mutual fund.  
 20 (6) "Class one (1) money market mutual fund" means a money  
 21 market mutual fund that at all times qualifies for investment using  
 22 the bond class one (1) reserve factor pursuant to the Purposes and  
 23 Procedures **Manual** of the ~~Securities Valuation Office of the~~  
 24 ~~National Association of Insurance Commissioners; or any~~  
 25 ~~successor publication; NAIC Investment Analysis Office.~~  
 26 (7) "Derivative transaction" has the meaning set forth in  
 27 IC 27-1-12-2.2(a)(14).  
 28 (8) "Government money market mutual fund" means a money  
 29 market mutual fund that at all times:  
 30 (A) invests only in obligations issued, guaranteed, or insured  
 31 by the United States or collateralized repurchase agreements  
 32 composed of these obligations; and  
 33 (B) qualifies for investment without a reserve pursuant to the  
 34 Purposes and Procedures **Manual** of the ~~Securities Valuation~~  
 35 ~~NAIC Investment Analysis Office. of the National~~  
 36 ~~Association of Insurance Commissioners or any successor~~  
 37 ~~publication.~~  
 38 (9) "Money market mutual fund" means a mutual fund that meets  
 39 the conditions of 17 CFR 270.2a-7, under the Investment  
 40 Company Act of 1940 (15 U.S.C. 80a-1 et seq.).  
 41 (10) "Mutual fund" means:  
 42 (A) an investment company; or



- 1 (B) in the case of an investment company that is organized as  
 2 a series company, an investment company series;  
 3 that is registered with the United States Securities and Exchange  
 4 Commission under the Investment Company Act of 1940 (15  
 5 U.S.C. 80a-1 et seq.).  
 6 (11) "Obligation" means any of the following:  
 7 (A) A bond.  
 8 (B) A note.  
 9 (C) A debenture.  
 10 (D) Any other form of evidence of debt.  
 11 (12) "Qualified business entity" means a business entity that is:  
 12 (A) an issuer of obligations or preferred stock that is rated one  
 13 (1) or two (2) or is rated the equivalent of one (1) or two (2) by  
 14 the Securities Valuation Office or by a nationally recognized  
 15 statistical rating organization recognized by the Securities  
 16 Valuation Office; or  
 17 (B) a primary dealer in United States government securities,  
 18 recognized by the Federal Reserve Bank of New York.  
 19 (13) "Securities Valuation Office" refers to the Securities  
 20 Valuation Office of the ~~National Association of Insurance~~  
 21 ~~Commissioners or any successor of the Office established by the~~  
 22 ~~National Association of Insurance Commissioners. NAIC.~~  
 23 (b) Any company, other than one organized as a life insurance  
 24 company, organized under the provisions of IC 27-1 or any other law  
 25 of this state and authorized to make any or all kinds of insurance  
 26 described in class 2 or class 3 of IC 27-1-5-1 shall invest its capital or  
 27 guaranty fund as follows and not otherwise:  
 28 (1) In cash.  
 29 (2) In:  
 30 (A) direct obligations of the United States; or  
 31 (B) obligations secured or guaranteed as to principal and  
 32 interest by the United States.  
 33 (3) In:  
 34 (A) direct obligations; or  
 35 (B) obligations secured by the full faith and credit;  
 36 of any state of the United States or the District of Columbia.  
 37 (4) In obligations of any county, township, city, town, village,  
 38 school district, or other municipal district within the United States  
 39 which are a direct obligation of the county, township, city, town,  
 40 village, or district issuing the same.  
 41 (5) In obligations secured by mortgages or deeds of trust or  
 42 unencumbered real estate or perpetual leases thereon in the



1 United States not exceeding eighty percent (80%) of the fair value  
 2 of the security determined in a manner satisfactory to the  
 3 department, except that the percentage stated may be exceeded if  
 4 and to the extent such excess is guaranteed or insured by the  
 5 United States, any state, territory, or possession of the United  
 6 States, the District of Columbia, Canada, any province of Canada,  
 7 or by an administration, agency, authority, or instrumentality of  
 8 any such governmental units. Where improvements on the land  
 9 constitute a part of the value on which the loan is made, the  
 10 improvements shall be insured against fire and tornado for the  
 11 benefit of the mortgagee. For the purposes of this section, real  
 12 estate may not be deemed to be encumbered by reason of the  
 13 existence of taxes or assessments that are not delinquent,  
 14 instruments creating or reserving mineral, oil, or timber rights,  
 15 rights-of-way, joint driveways, sewer rights, rights-in-walls, nor  
 16 by reason of building restrictions, or other restrictive covenants,  
 17 nor when such real estate is subject to lease in whole or in part  
 18 whereby rents or profits are reserved to the owner. The  
 19 restrictions contained in this subdivision do not apply to loans or  
 20 investments made under section 5 of this chapter.

21 (c) Any company organized under the provisions of this article or  
 22 any other law of this state and authorized to make any or all of the  
 23 kinds of insurance described in class 2 or class 3 of IC 27-1-5-1 shall  
 24 invest its funds over and above its required capital stock or required  
 25 guaranty fund as follows, and not otherwise:

26 (1) In cash or cash equivalents. However, not more than ten  
 27 percent (10%) of admitted assets may be invested in any single  
 28 government money market mutual fund or class one (1) money  
 29 market mutual fund.

30 (2) In direct obligations of the United States or obligations  
 31 secured or guaranteed as to principal and interest by the United  
 32 States.

33 (3) In obligations issued, guaranteed, or insured as to principal  
 34 and interest by a city, county, drainage district, road district,  
 35 school district, tax district, town, township, village or other civil  
 36 administration, agency, authority, instrumentality or subdivision  
 37 of a state, territory, or possession of the United States, the District  
 38 of Columbia, Canada, or any province of Canada, providing such  
 39 obligations are authorized by law and are either:

40 (A) direct and general obligations of the issuing, guaranteeing,  
 41 or insuring governmental unit, administration, agency,  
 42 authority, district, subdivision, or instrumentality;



1 (B) payable from designated revenues pledged to the payment  
 2 of the principal and interest of the obligations; or  
 3 (C) improvement bonds or other obligations constituting a first  
 4 lien, except for tax liens, against all of the real estate within  
 5 the improvement district or on that part of such real estate not  
 6 discharged from such lien through payment of the assessment.  
 7 The area to which the improvement bonds or other obligations  
 8 under clause (C) relate must be situated within the limits of a  
 9 town or city and at least fifty percent (50%) of the properties  
 10 within that area must be improved with business buildings or  
 11 residences.  
 12 (4) In:  
 13 (A) direct obligations; or  
 14 (B) obligations secured by the full faith and credit;  
 15 of any state of the United States, the District of Columbia, or  
 16 Canada or any province thereof.  
 17 (5) In obligations guaranteed, supported, or insured as to principal  
 18 and interest by the United States, any state, territory, or  
 19 possession of the United States, the District of Columbia, Canada,  
 20 any province of Canada, or by an administration, agency,  
 21 authority, or instrumentality of any of the political units listed in  
 22 this subdivision. An obligation is "supported" for the purposes of  
 23 this subdivision when repayment of the obligation is secured by  
 24 real or personal property of value at least equal to the principal  
 25 amount of the indebtedness by means of mortgage, assignment of  
 26 vendor's interest in one (1) or more conditional sales contracts,  
 27 other title retention device, or by means of other security interest  
 28 in the property for the benefit of the holder of the obligation, and  
 29 one (1) of the political units listed in this subdivision, or an  
 30 administration, agency, authority, or instrumentality listed in this  
 31 subdivision, has entered into a firm agreement to rent or use the  
 32 property pursuant to which entity is obligated to pay money as  
 33 rental or for the use of the property in amounts and at times that  
 34 are sufficient, after provision for taxes upon and for other  
 35 expenses of the use of the property, to repay in full the  
 36 indebtedness, both principal and interest, and when the firm  
 37 agreement and the money obligated to be paid under the  
 38 agreement are assigned, pledged, or secured for the benefit of the  
 39 holder of the obligation. However, where the security consists of  
 40 a first mortgage lien or deed of trust on a fee interest in real  
 41 property, the obligation may provide for the amortization, during  
 42 the initial fixed period of the lease or contract of less than one



1 hundred percent (100%) of the indebtedness if there is pledged or  
 2 assigned, as additional security for the obligation, sufficient  
 3 rentals payable under the lease, or of contract payments, to secure  
 4 the amortized obligation payments required during the initial,  
 5 fixed period of the lease or contract, including but not limited to  
 6 payments of principal, interest, and taxes other than the income  
 7 taxes of the borrower, and if there is to be left unamortized at the  
 8 end of the period an amount not greater than the original  
 9 appraised value of the land only, exclusive of all improvements,  
 10 as prescribed by law.

11 (6) In obligations secured by mortgages or deeds of trust or  
 12 unencumbered real estate or perpetual leases thereon, in any state  
 13 in the United States, the District of Columbia, Canada, or any  
 14 province of Canada, not exceeding eighty percent (80%) of the  
 15 fair value of the security determined in a manner satisfactory to  
 16 the department, except that the percentage stated may be  
 17 exceeded if and to the extent that the excess is guaranteed or  
 18 insured by the United States, any state, territory, or possession of  
 19 the United States, the District of Columbia, Canada, any province  
 20 of Canada, or by an administration, agency, authority, or  
 21 instrumentality of any of such governmental units. The value of  
 22 the real estate must be determined by a method and in a manner  
 23 satisfactory to the department. The restrictions contained in this  
 24 subdivision do not apply to loans or investments made under  
 25 section 5 of this chapter.

26 (7) In obligations issued under or pursuant to the Farm Credit Act  
 27 of 1971 (12 U.S.C. 2001 through 2279aa-14) as in effect on  
 28 December 31, 1990, or the Federal Home Loan Bank Act (12  
 29 U.S.C. 1421 through 1449) as in effect on December 31, 1990,  
 30 interest bearing obligations of the FSLIC Resolution Fund and  
 31 shares of any institution that is insured by the Federal Deposit  
 32 Insurance Corporation to the extent that the shares are insured,  
 33 obligations issued or guaranteed by the International Bank for  
 34 Reconstruction and Development, obligations issued or  
 35 guaranteed by the Inter-American Development Bank, and  
 36 obligations issued or guaranteed by the African Development  
 37 Bank.

38 (8) In any mutual fund that:

39 (A) has been registered with the Securities and Exchange  
 40 Commission for a period of at least five (5) years immediately  
 41 preceding the date of purchase;

42 (B) has net assets of at least twenty-five million dollars



- 1           (\$25,000,000) on the date of purchase; and  
 2           (C) invests substantially all of its assets in investments  
 3           permitted under this subsection.  
 4           The amount invested in any single mutual fund shall not exceed  
 5           ten percent (10%) of admitted assets. The aggregate amount of  
 6           investments under this subdivision may be limited by the  
 7           commissioner if the commissioner finds that investments under  
 8           this subdivision may render the operation of the company  
 9           hazardous to the company's policyholders, to the company's  
 10          creditors, or to the general public. This subdivision in no way  
 11          limits or restricts investments that are otherwise specifically  
 12          permitted under this section.  
 13          (9) In obligations payable in United States dollars and issued,  
 14          guaranteed, assumed, insured, or accepted by a foreign  
 15          government or by a solvent business entity existing under the laws  
 16          of a foreign government, if the obligations of the foreign  
 17          government or business entity meet at least one (1) of the  
 18          following criteria:  
 19                (A) The obligations carry a rating of at least A3 conferred by  
 20                Moody's Investor Services, Inc.  
 21                (B) The obligations carry a rating of at least A- conferred by  
 22                Standard & Poor's Corporation.  
 23                (C) The earnings available for fixed charges of the business  
 24                entity for a period of five (5) fiscal years preceding the date of  
 25                purchase have averaged at least three (3) times the average  
 26                fixed charges of the business entity applicable to the period,  
 27                and if during either of the last two (2) years of the period, the  
 28                earnings available for fixed charges were at least three (3)  
 29                times the fixed charges of the business entity for the year. As  
 30                used in this subdivision, the terms "earnings available for fixed  
 31                charges" and "fixed charges" have the meanings set forth in  
 32                IC 27-1-12-2(a).  
 33          Foreign investments authorized by this subdivision shall not  
 34          exceed twenty percent (20%) of the company's admitted assets.  
 35          This subdivision in no way limits or restricts investments that are  
 36          otherwise specifically permitted under this section. Canada is not  
 37          a foreign government for purposes of this subdivision.  
 38          (10) In the obligations of any solvent business entity existing  
 39          under the laws of the United States, any state of the United States,  
 40          the District of Columbia, Canada, or any province of Canada,  
 41          provided that interest on the obligations is not in default.  
 42          (11) In the preferred or guaranteed shares of any solvent business



1 entity, so long as the business entity is not and has not been for  
2 the preceding five (5) years in default in the payment of interest  
3 due and payable on its outstanding debt or in arrears in the  
4 payment of dividends on any issue of its outstanding preferred or  
5 guaranteed stock.

6 (12) In the shares, other than those specified in subdivision (7), of  
7 any solvent business entity existing under the laws of any state of  
8 the United States, the District of Columbia, Canada, or any  
9 province of Canada, and in the shares of any institution wherever  
10 located which has the insurance protection provided by the  
11 Federal Deposit Insurance Corporation. Except for the purpose of  
12 mutualization or for the purpose of retirement of outstanding  
13 shares of capital stock pursuant to amendment of its articles of  
14 incorporation, or in connection with a plan approved by the  
15 commissioner for purchase of such shares by the insurance  
16 company's officers, employees, or agents, or for the elimination  
17 of fractional shares, no company subject to the provisions of this  
18 section may invest in its own stock.

19 (13) In loans upon the pledge of any mortgage, stocks, bonds, or  
20 other evidences of indebtedness, acceptable as investments under  
21 the terms of this chapter, if the current value of the mortgage,  
22 stock, bond, or other evidences of indebtedness is at least  
23 twenty-five percent (25%) more than the amount loaned on it.

24 (14) In real estate, subject to subsections (d) and (e).

25 (15) In securities lending, repurchase, and reverse repurchase  
26 transactions with business entities, subject to the following  
27 requirements:

28 (A) The company's board of directors shall adopt a written  
29 plan that specifies guidelines and objectives to be followed,  
30 such as:

31 (i) a description of how cash received will be invested or  
32 used for general corporate purposes of the company;

33 (ii) operational procedures to manage interest rate risk,  
34 counterparty default risk, and the use of acceptable collateral  
35 in a manner that reflects the liquidity needs of the  
36 transaction; and

37 (iii) the extent to which the company may engage in these  
38 transactions.

39 (B) The company shall enter into a written agreement for all  
40 transactions authorized in this subdivision. The written  
41 agreement shall require the termination of each transaction not  
42 more than one (1) year from its inception or upon the earlier



1 demand of the company. The agreement shall be with the  
 2 counterparty business entity but, for securities lending  
 3 transactions, the agreement may be with an agent acting on  
 4 behalf of the company if the agent is a qualified business entity  
 5 and if the agreement:

6 (i) requires the agent to enter into separate agreements with  
 7 each counterparty that are consistent with the requirements  
 8 of this section; and

9 (ii) prohibits securities lending transactions under the  
 10 agreement with the agent or its affiliates.

11 (C) Cash received in a transaction under this section shall be  
 12 invested in accordance with this section and in a manner that  
 13 recognizes the liquidity needs of the transaction or used by the  
 14 company for its general corporate purposes. For as long as the  
 15 transaction remains outstanding, the company or its agent or  
 16 custodian shall maintain, as to acceptable collateral received  
 17 in a transaction under this section, either physically or through  
 18 book entry systems of the Federal Reserve, Depository Trust  
 19 Company, Participants Trust Company, or other securities  
 20 depositories approved by the commissioner:

21 (i) possession of the acceptable collateral;

22 (ii) a perfected security interest in the acceptable collateral;  
 23 or

24 (iii) in the case of a jurisdiction outside the United States,  
 25 title to, or rights of a secured creditor to, the acceptable  
 26 collateral.

27 (D) For purposes of calculations made to determine  
 28 compliance with this subdivision, no effect may be given to  
 29 the company's future obligation to resell securities in the case  
 30 of a repurchase transaction, or to repurchase securities in the  
 31 case of a reverse repurchase transaction. A company shall not  
 32 enter into a transaction under this subdivision if, as a result of  
 33 and after giving effect to the transaction:

34 (i) the aggregate amount of securities then loaned, sold to,  
 35 or purchased from any one (1) business entity pursuant to  
 36 this subdivision would exceed five percent (5%) of its  
 37 admitted assets (but, in calculating the amount sold to or  
 38 purchased from a business entity pursuant to repurchase or  
 39 reverse repurchase transactions, effect may be given to  
 40 netting provisions under a master written agreement); or

41 (ii) the aggregate amount of all securities then loaned, sold  
 42 to, or purchased from all business entities under this





- 1 subdivision would exceed forty percent (40%) of its  
2 admitted assets.
- 3 (E) In a securities lending transaction, the company shall  
4 receive acceptable collateral having a market value as of the  
5 transaction date at least equal to one hundred two percent  
6 (102%) of the market value of the securities loaned by the  
7 company in the transaction as of that date. If at any time the  
8 market value of the acceptable collateral is less than the  
9 market value of the loaned securities, the business entity shall  
10 be obligated to deliver additional acceptable collateral, the  
11 market value of which, together with the market value of all  
12 acceptable collateral then held in connection with the  
13 transaction, at least equals one hundred two percent (102%) of  
14 the market value of the loaned securities.
- 15 (F) In a reverse repurchase transaction, the company shall  
16 receive acceptable collateral having a market value as of the  
17 transaction date at least equal to ninety-five percent (95%) of  
18 the market value of the securities transferred by the company  
19 in the transaction as of that date. If at any time the market  
20 value of the acceptable collateral is less than ninety-five  
21 percent (95%) of the market value of the securities so  
22 transferred, the business entity shall be obligated to deliver  
23 additional acceptable collateral, the market value of which,  
24 together with the market value of all acceptable collateral then  
25 held in connection with the transaction, equals at least  
26 ninety-five percent (95%) of the market value of the  
27 transferred securities.
- 28 (G) In a repurchase transaction, the company shall receive as  
29 acceptable collateral transferred securities having a market  
30 value equal to at least one hundred two percent (102%) of the  
31 purchase price paid by the company for the securities. If at any  
32 time the market value of the acceptable collateral is less than  
33 one hundred percent (100%) of the purchase price paid by the  
34 company, the business entity shall be obligated to provide  
35 additional acceptable collateral, the market value of which,  
36 together with the market value of all acceptable collateral then  
37 held in connection with the transaction, equals at least one  
38 hundred two percent (102%) of the purchase price. Securities  
39 acquired by a company in a repurchase transaction shall not be  
40 sold in a reverse repurchase transaction, loaned in a securities  
41 lending transaction, or otherwise pledged.
- 42 (16) In mortgage backed securities, including collateralized



1 mortgage obligations, mortgage pass through securities, mortgage  
 2 backed bonds, and real estate mortgage investment conduits,  
 3 adequately secured by a pool of mortgages, which mortgages are  
 4 fully guaranteed or insured by the government of the United  
 5 States or any agency of the United States, including the Federal  
 6 National Mortgage Association or the Federal Home Loan  
 7 Mortgage Corporation.

8 (17) In mortgage backed securities, including collateralized  
 9 mortgage obligations, mortgage pass through securities, mortgage  
 10 backed bonds, and real estate mortgage investment conduits,  
 11 adequately secured by a pool of mortgages, if the securities carry  
 12 a rating of at least:

13 (A) A3 conferred by Moody's Investor Services, Inc.; or

14 (B) A- conferred by Standard & Poor's Corporation.

15 The amount invested in any one (1) obligation or pool of  
 16 obligations described in this subdivision shall not exceed five  
 17 percent (5%) of admitted assets. The aggregate amount of all  
 18 investments under this subdivision shall not exceed ten percent  
 19 (10%) of admitted assets.

20 (18) Any other investment acquired in good faith as payment on  
 21 account of existing indebtedness or in connection with the  
 22 refinancing, restructuring, or workout of existing indebtedness, if  
 23 taken to protect the interests of the company in that investment.

24 (19) In obligations or interests in trusts or partnerships in which  
 25 a life insurance company may invest as described in paragraph 31  
 26 of IC 27-1-12-2(b). Investments authorized by this paragraph may  
 27 not exceed ten percent (10%) of the company's admitted assets.

28 (20) In any other investment. The total of all investments under  
 29 this subdivision, except for investments in subsidiary companies  
 30 under IC 27-1-23-2.6, may not exceed an aggregate amount of ten  
 31 percent (10%) of the insurer's admitted assets. Investments are not  
 32 permitted under this subdivision:

33 (A) if expressly prohibited by statute; or

34 (B) in an insolvent organization or an organization in default  
 35 with respect to the payment of principal or interest on its  
 36 obligations.

37 (d) Any company subject to the provisions of this section shall have  
 38 power to acquire, hold, or convey real estate, or an interest therein, as  
 39 described below, and no other:

40 (1) Leaseholds, provided the mortgage term shall not exceed  
 41 four-fifths (4/5) of the unexpired lease term, including  
 42 enforceable renewable options, remaining at the time of the loan,



- 1 such real estate or leaseholds to be located in the United States,  
 2 any territory or possession of the United States, or Canada, the  
 3 value of such leasehold for statement purposes shall be  
 4 determined in a manner and form satisfactory to the department.  
 5 At the time the leasehold is acquired and approved by the  
 6 department, a schedule of annual depreciation shall be set up by  
 7 the department in which the value of said leasehold is to be  
 8 depreciated, and said depreciation is to be averaged out over not  
 9 exceeding a period of fifty (50) years.
- 10 (2) The building in which it has its principal office and the land  
 11 on which it stands.
- 12 (3) Such as shall be necessary for the convenient transaction of its  
 13 business.
- 14 (4) Such as shall have been acquired for the accommodation of its  
 15 business.
- 16 (5) Such as shall have been mortgaged to it in good faith by way  
 17 of security for loans previously contracted or for money due.
- 18 (6) Such as shall have been conveyed to it in connection with its  
 19 investments in real estate contracts or its investments in real  
 20 estate under lease or for the purpose of leasing or such as shall  
 21 have been acquired for the purpose of investment under any law,  
 22 order, or regulation authorizing such investment, for statement  
 23 purposes, the value of such real estate shall be determined in a  
 24 manner satisfactory to the department.
- 25 (7) Such as shall have been conveyed to it in satisfaction of debts  
 26 previously contracted in the course of its dealings, or in exchange  
 27 for real estate so conveyed to it.
- 28 (8) Such as it shall have purchased at sales on judgments, decrees,  
 29 or mortgages obtained or made for such debts.
- 30 (e) All real estate described in subsection (d)(4) through (d)(8)  
 31 which is not necessary for the convenient transaction of its business  
 32 shall be sold by said company and disposed of within ten (10) years  
 33 after it acquired title to the same, or within five (5) years after the same  
 34 has ceased to be necessary for the accommodation of its business,  
 35 unless the company procures the certificate of the commissioner that  
 36 its interests will suffer materially by a forced sale of the real estate, in  
 37 which event the time for the sale may be extended to such time as the  
 38 commissioner directs in the certificate.
- 39 (f) The board of directors of a company, other than a company  
 40 organized as a life insurance company, shall do all the following:
- 41 (1) Before engaging in derivatives transactions, approve a written  
 42 plan that specifies guidelines, systems, and objectives to be



- 1 followed, such as:
- 2 (A) investment of or, if applicable, underwriting objectives
- 3 and risk constraints, such as credit risk limits;
- 4 (B) permissible transactions and the relationship of those
- 5 transactions to the insurer's operations;
- 6 (C) internal control procedures;
- 7 (D) a system for determining whether a derivative instrument
- 8 used for hedging has been effective;
- 9 (E) a credit risk management system for over-the-counter
- 10 derivatives transactions that measures credit risk exposure
- 11 using the counterparty exposure amount; and
- 12 (F) a mechanism for reviewing and auditing compliance with
- 13 the guidelines, systems, and objectives specified in the written
- 14 plan.
- 15 (2) Before engaging in derivatives transactions, make a
- 16 determination that the insurer's investment managers have
- 17 adequate professional personnel, technical expertise, and systems
- 18 to implement the insurer's intended investment practices
- 19 involving derivative instruments.
- 20 (3) Review whether derivatives transactions have been made in
- 21 accordance with the approved guidelines and are consistent with
- 22 stated objectives.
- 23 (4) Take action to correct any deficiencies in internal controls
- 24 relating to derivatives transactions.

25 SECTION 31. IC 27-1-13-4 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4. (a) All bonds or  
 27 other evidences of debt having a fixed term and rate of interest held by  
 28 an insurer may, if amply secured and not in default as to principal or  
 29 interest, be valued as follows: If purchased at par, at the par value; if  
 30 purchased above or below par, on the basis of the purchase price  
 31 adjusted so as to bring the value to par at maturity and so as to yield in  
 32 the meantime the effective rate of interest at which the purchase was  
 33 made, or, instead of this method, according to an accepted method of  
 34 valuation as is approved by the department. The purchase price shall  
 35 in no case be taken at a higher figure than the actual market value at the  
 36 time of purchase, plus actual brokerage, transfer, postage, or express  
 37 charges paid in the acquisition of the securities. The department shall  
 38 have full discretion in determining the method of calculating values  
 39 according to the rules set forth in this subsection. However, no such  
 40 method or valuation under this subsection may be inconsistent with any  
 41 applicable method or valuation used by insurers in general or ~~any such~~  
 42 **the method then currently formulated or approved by the National**



1 ~~Association of Insurance Commissioners or its successor organization:~~  
 2 **specified in the Accounting Practices and Procedures Manual.**

3 (b) Securities held by an insurer, other than those referred to in  
 4 subsection (a), shall be valued, in the discretion of the department, at  
 5 their market value or at their appraised value or at prices determined by  
 6 the department as representing the fair market value of the securities.  
 7 Preferred or guaranteed stocks or shares, while paying full dividends,  
 8 may be carried at a fixed value in lieu of market value at the discretion  
 9 of the department and in accordance with the method of valuation that  
 10 the department approves. No valuation under this subsection may be  
 11 inconsistent with ~~any the~~ applicable valuation or method ~~then currently~~  
 12 ~~formulated or approved by the National Association of Insurance~~  
 13 ~~Commissioners or its successor organization:~~ **specified in the**  
 14 **Accounting Practices and Procedures Manual.**

15 SECTION 32. IC 27-1-13-8 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8. In estimating the  
 17 condition of any company which makes insurance comprised within  
 18 class 2 or class 3 of IC 27-1-5-1, the department shall allow only such  
 19 investments as assets as are authorized by the laws of this state at the  
 20 date of the investigation, but unpaid premiums on policies or renewals  
 21 written within three (3) months shall be admitted as available  
 22 resources. It shall charge as liabilities in addition to all other  
 23 outstanding indebtedness of the company the capital stock, if any, and  
 24 the following:

25 (a) The premium reserve on policies in force equal to fifty percent  
 26 (50%) of the gross premiums charged for covering risks, less the  
 27 reserve computed by the same method, on reinsurance in force.  
 28 However, the department may, in its discretion, charge a premium  
 29 reserve equal to the unearned portions of the gross premium charged  
 30 by computing on each respective risk from the date of the issuance of  
 31 the policy, less the reserve, computed by the same method, on  
 32 reinsurance in force.

33 (b) In the case of policies of marine or inland navigation or  
 34 transportation insurance it shall charge as a liability fifty percent (50%)  
 35 of the amount of the premiums written in such policies upon yearly  
 36 risks and upon risks covering not more than one (1) passage not  
 37 terminated and the full amount of premiums written in policies upon all  
 38 other such risks not terminated.

39 (c) The reserve for outstanding losses at least equal to the aggregate  
 40 estimated amounts due or to become due on account of all losses or  
 41 claims of which the company has received notice. However, the loss  
 42 reserve shall also include the estimated liability on any notices received



1 by the company of the occurrence of any event which may result in a  
 2 loss and the estimated liability for all losses which have occurred but  
 3 on which no notice has been received. For the purpose of such reserves,  
 4 the company shall keep a complete and itemized record showing all  
 5 losses and claims on which it has received notice, including all notices  
 6 received by it of the occurrence of any event which may result in a loss.  
 7 (d) Any other reserves as are required by or provided for in the  
 8 ~~annual statement blanks adopted by the National Association of~~  
 9 ~~Insurance Commissioners and applicable Annual Statement Blanks~~  
 10 furnished to companies under IC 27-1-3-13.  
 11 (e) Whenever, in the judgment of the department, the loss reserves  
 12 calculated in accordance with subsections (a), (b), (c), and (d) are  
 13 inadequate, it may in its discretion require a company to maintain  
 14 additional reserves.  
 15 SECTION 33. IC 27-1-13-8.5 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 8.5. The department  
 17 shall adopt rules under IC 4-22-2 to prescribe minimum standards for  
 18 the establishment of reserves as required by the ~~National Association~~  
 19 ~~of Insurance Commissioners or its successor organization~~ **Accounting**  
 20 **Practices and Procedures Manual** for insurers writing Class 2 and  
 21 Class 3 lines of business.  
 22 SECTION 34. IC 27-1-15.6-2, AS AMENDED BY P.L.146-2015,  
 23 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 24 JULY 1, 2018]: Sec. 2. The following definitions apply throughout this  
 25 chapter, IC 27-1-15.7, and IC 27-1-15.8:  
 26 (1) "Bureau" refers to the child support bureau established by  
 27 IC 31-25-3-1.  
 28 (2) "Business entity" means a corporation, an association, a  
 29 partnership, a limited liability company, a limited liability  
 30 partnership, or another legal entity.  
 31 (3) "Commissioner" means the insurance commissioner appointed  
 32 under IC 27-1-1-2.  
 33 (4) "Consultant" means a person who:  
 34 (A) holds himself or herself out to the public as being engaged  
 35 in the business of offering; or  
 36 (B) for a fee, offers;  
 37 any advice, counsel, opinion, or service with respect to the  
 38 benefits, advantages, or disadvantages promised under any policy  
 39 of insurance that could be issued in Indiana.  
 40 (5) "Delinquent" means the condition of being at least:  
 41 (A) two thousand dollars (\$2,000); or  
 42 (B) three (3) months;



- 1 past due in the payment of court ordered child support.
- 2 (6) "Designated home state license" means a license issued by the
- 3 commissioner to an insurance producer who:
- 4 (A) maintains the insurance producer's principal place of
- 5 residence or principal place of business in a state that does not
- 6 license insurance producers for the line of authority for which
- 7 the insurance producer seeks licensure in Indiana; and
- 8 (B) is permitted by the commissioner to designate Indiana as
- 9 the insurance producer's nonresident home state.
- 10 (7) "FINRA" refers to the independent Financial Industry
- 11 Regulatory Authority.
- 12 (8) "Home state" means the District of Columbia or any state or
- 13 territory of the United States in which an insurance producer:
- 14 (A) maintains the insurance producer's principal place of
- 15 residence or principal place of business; and
- 16 (B) is licensed to act as an insurance producer.
- 17 (9) "Insurance producer" means a person required to be licensed
- 18 under the laws of Indiana to sell, solicit, or negotiate insurance.
- 19 (10) "License" means a document issued by the commissioner
- 20 authorizing a person to act as an insurance producer for the lines
- 21 of authority specified in the document. The license itself does not
- 22 create any authority, actual, apparent, or inherent, in the holder to
- 23 represent or commit an insurance carrier.
- 24 (11) "Limited line credit insurance" includes the following:
- 25 (A) Credit life insurance.
- 26 (B) Credit disability insurance.
- 27 (C) Credit property insurance.
- 28 (D) Credit unemployment insurance.
- 29 (E) Involuntary unemployment insurance.
- 30 (F) Mortgage life insurance.
- 31 (G) Mortgage guaranty insurance.
- 32 (H) Mortgage disability insurance.
- 33 (I) Guaranteed automobile protection (gap) insurance.
- 34 (J) Any other form of insurance:
- 35 (i) that is offered in connection with an extension of credit
- 36 and is limited to partially or wholly extinguishing that credit
- 37 obligation; and
- 38 (ii) that the insurance commissioner determines should be
- 39 designated a form of limited line credit insurance.
- 40 (12) "Limited line credit insurance producer" means a person who
- 41 sells, solicits, or negotiates one (1) or more forms of limited line
- 42 credit insurance coverage to individuals through a master,



- 1 corporate, group, or individual policy.
- 2 (13) "Limited lines insurance" means any of the following:
- 3 (A) The lines of insurance defined in section 18 of this
- 4 chapter.
- 5 (B) Any line of insurance the recognition of which is
- 6 considered necessary by the commissioner for the purpose of
- 7 complying with section 8(e) of this chapter.
- 8 (C) For purposes of section 8(e) of this chapter, any form of
- 9 insurance with respect to which authority is granted by a home
- 10 state that restricts the authority granted by a limited lines
- 11 producer's license to less than total authority in the associated
- 12 major lines described in section 7(a)(1) through 7(a)(6) of this
- 13 chapter.
- 14 (14) "Limited lines producer" means a person authorized by the
- 15 commissioner to sell, solicit, or negotiate limited lines insurance.
- 16 (15) "Limited lines travel insurance producer" means a person
- 17 designated by an insurer to sell, solicit, or negotiate a travel
- 18 insurance policy. The term includes the following:
- 19 (A) A managing general underwriter.
- 20 (B) A managing general agent.
- 21 (C) A limited lines producer.
- 22 (16) "Negotiate" means the act of conferring directly with or
- 23 offering advice directly to a purchaser or prospective purchaser of
- 24 a particular contract of insurance concerning any of the
- 25 substantive benefits, terms, or conditions of the contract, provided
- 26 that the person engaged in that act either sells insurance or
- 27 obtains insurance from insurers for purchasers.
- 28 (17) "Person" means an individual or a business entity.
- 29 (18) "Sell" means to exchange a contract of insurance by any
- 30 means, for money or its equivalent, on behalf of a company.
- 31 (19) "Solicit" means attempting to sell insurance or asking or
- 32 urging a person to apply for a particular kind of insurance from a
- 33 particular company.
- 34 (20) "Surplus lines producer" means a person who sells, solicits,
- 35 negotiates, or procures from an insurance company not licensed
- 36 to transact business in Indiana an insurance policy that cannot be
- 37 procured from insurers licensed to do business in Indiana.
- 38 (21) "Terminate" means:
- 39 (A) the cancellation of the relationship between an insurance
- 40 producer and the insurer; or
- 41 (B) the termination of a producer's authority to transact
- 42 insurance.





1 (22) "Travel insurance" means insurance coverage for personal  
 2 risks incident to planned travel, including the following:  
 3 (A) Interruption or cancellation of a trip or an event.  
 4 (B) Loss of baggage or personal effects.  
 5 (C) Damage to accommodations or rental vehicles.  
 6 (D) Sickness, accident, disability, or death that occurs during  
 7 travel.

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

13 (23) "Travel retailer" means a business entity that offers and  
 14 delivers travel insurance on behalf of and under the direction of  
 15 a limited lines travel insurance producer.

16 ~~(24) "Uniform business entity application" means the current~~  
 17 ~~version of the national association of insurance commissioners~~  
 18 ~~uniform business entity application for resident and nonresident~~  
 19 ~~business entities.~~

20 ~~(25) "Uniform application" means the current version of the~~  
 21 ~~national association of insurance commissioners uniform~~  
 22 ~~application for resident and nonresident producer licensing.~~

23 SECTION 35. IC 27-1-15.6-7, AS AMENDED BY P.L.115-2011,  
 24 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25 JULY 1, 2018]: Sec. 7. (a) Unless denied licensure under section 12 of  
 26 this chapter, a person who has met the requirements of sections 5 and  
 27 6 of this chapter shall be issued an insurance producer license. An  
 28 insurance producer may receive qualification for a license in one (1) or  
 29 more of the following lines of authority:

- 30 (1) Life — insurance coverage on human lives, including benefits  
 31 of endowment and annuities, that may include benefits in the  
 32 event of death or dismemberment by accident and benefits for  
 33 disability income.
- 34 (2) Accident and health or sickness — insurance coverage for  
 35 sickness, bodily injury, or accidental death that may include  
 36 benefits for disability income.
- 37 (3) Property — insurance coverage for the direct or consequential  
 38 loss of or damage to property of every kind.
- 39 (4) Casualty — insurance coverage against legal liability,  
 40 including liability for death, injury, or disability, or for damage to  
 41 real or personal property.
- 42 (5) Variable life and variable annuity products — insurance



- 1 coverage provided under variable life insurance contracts and  
 2 variable annuities.
- 3 (6) Personal lines — property and casualty insurance coverage  
 4 sold to individuals and families for primarily noncommercial  
 5 purposes.
- 6 (7) Credit — limited line credit insurance.
- 7 (8) Title — insurance coverage against loss or damage on account  
 8 of encumbrances on or defects in the title to real estate.
- 9 (9) Any other line of insurance permitted under Indiana laws or  
 10 administrative rules.
- 11 (b) A person who requests qualification under subsection (a)(5) for  
 12 variable life and annuity products must:
- 13 (1) be licensed as an insurance producer with a life qualification  
 14 under subsection (a)(1);
- 15 (2) be registered with FINRA; and
- 16 (3) meet the broker-dealer registration requirements of:
- 17 (A) FINRA for a Series 6 limited representative license; or  
 18 (B) FINRA for a Series 7 general securities registered  
 19 representative license.
- 20 (c) A resident insurance producer may not request separate  
 21 qualifications for property insurance and casualty insurance under  
 22 subsection (a).
- 23 (d) An insurance producer license remains in effect unless revoked  
 24 or suspended, as long as the renewal fee set forth in section 32 of this  
 25 chapter is paid and the educational requirements for resident individual  
 26 producers are met by the due date.
- 27 (e) An individual insurance producer who:
- 28 (1) allows the individual insurance producer's license to lapse;  
 29 and
- 30 (2) completed all required continuing education before the license  
 31 expired;
- 32 may, not more than twelve (12) months after the expiration date of the  
 33 license, reinstate the same license without the necessity of passing a  
 34 written examination. A penalty in the amount of three (3) times the  
 35 unpaid renewal fee shall be required for any renewal fee received after  
 36 the expiration date of the license. However, the department of  
 37 insurance may waive the penalty if the renewal fee is received not more  
 38 than thirty (30) days after the expiration date of the license.
- 39 (f) A licensed insurance producer who is unable to comply with  
 40 license renewal procedures due to military service or some other  
 41 extenuating circumstance may request a waiver of the license renewal  
 42 procedures. The producer may also request a waiver of any



1 examination requirement or any other fine or sanction imposed for  
2 failure to comply with the license renewal procedures.

3 (g) An insurance producer license shall contain the licensee's name,  
4 address, personal identification number, date of issuance, lines of  
5 authority, expiration date, and any other information the commissioner  
6 considers necessary.

7 (h) A licensee shall inform the commissioner of a change of address  
8 not more than thirty (30) days after the change by any means  
9 acceptable to the commissioner. The failure of a licensee to timely  
10 inform the commissioner of a change in legal name or address shall  
11 result in a penalty under section 12 of this chapter.

12 (i) To assist in the performance of the commissioner's duties, the  
13 commissioner may contract with nongovernmental entities, including  
14 the ~~National Association of Insurance Commissioners (NAIC)~~, **NAIC**,  
15 or any affiliates or subsidiaries that the NAIC oversees, to perform  
16 ministerial functions, including the collection of fees related to  
17 producer licensing, that the commissioner and the nongovernmental  
18 entity consider appropriate.

19 (j) The commissioner may participate, in whole or in part, with the  
20 NAIC or any affiliate or subsidiary of the NAIC in a centralized  
21 insurance producer license registry through which insurance producer  
22 licenses are centrally or simultaneously effected for states that require  
23 an insurance producer license and participate in the centralized  
24 insurance producer license registry. If the commissioner determines  
25 that participation in the centralized insurance producer license registry  
26 is in the public interest, the commissioner may adopt rules under  
27 IC 4-22-2 specifying uniform standards and procedures that are  
28 necessary for participation in the **centralized insurance producer**  
29 **license** registry, including standards and procedures for centralized  
30 license fee collection.

31 SECTION 36. IC 27-1-15.6-8, AS AMENDED BY P.L.72-2016,  
32 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
33 JULY 1, 2018]: Sec. 8. (a) Unless denied licensure under section 12 of  
34 this chapter, a nonresident person shall receive a nonresident producer  
35 license if:

- 36 (1) the person is currently licensed as a resident and in good  
37 standing in the person's home state;  
38 (2) the person has submitted the proper request for licensure and  
39 has paid the fees required under section 32 of this chapter;  
40 (3) the person has submitted or transmitted to the commissioner:  
41 (A) the application for licensure that the person submitted to  
42 the person's home state; or



- 1 (B) a completed uniform application; and  
 2 (4) the person's home state awards non-resident producer licenses  
 3 to residents of Indiana on the same basis as non-resident producer  
 4 licenses are awarded to residents of other states under this  
 5 chapter.
- 6 (b) The commissioner may verify a producer's licensing status  
 7 through the ~~Producer Database maintained by the National Association~~  
 8 ~~of Insurance Commissioners and its affiliates or subsidiaries.~~  
 9 **centralized insurance producer license registry described in section**  
 10 **7 of this chapter.**
- 11 (c) A:
- 12 (1) person who holds an Indiana nonresident producer's license  
 13 and moves from one state to another state; or  
 14 (2) resident producer who moves from Indiana to another state;  
 15 shall file a change of address with the Indiana department of insurance  
 16 and provide certification from the new resident state not more than  
 17 thirty (30) days after the change of legal residence. No fee or license  
 18 application is required under this subsection.
- 19 (d) Notwithstanding any other provision of this chapter, a person  
 20 licensed as a surplus lines producer in the person's home state shall  
 21 receive a nonresident surplus lines producer license under subsection  
 22 (a). Except as provided in subsection (a), nothing in this section  
 23 otherwise amends or supercedes IC 27-1-15.8. ~~as added by this act.~~
- 24 (e) Notwithstanding any other provision of this chapter, a person  
 25 who is not a resident of Indiana and who is licensed as a limited lines  
 26 credit insurance producer or another type of limited lines producer in  
 27 the person's home state shall, upon application, receive a nonresident  
 28 limited lines producer license under subsection (a) granting the same  
 29 scope of authority as is granted under the license issued by the person's  
 30 home state.
- 31 (f) Notwithstanding any other provision of this chapter, a  
 32 nonresident producer who receives a nonresident producer license  
 33 under this section shall maintain licensure in good standing in the  
 34 nonresident producer's home state.
- 35 (g) If a nonresident producer fails to maintain licensure in good  
 36 standing in the nonresident producer's home state, the commissioner  
 37 may:
- 38 (1) in the commissioner's sole discretion;  
 39 (2) without a hearing; and  
 40 (3) in addition to any other sanction allowed by law;  
 41 suspend any Indiana insurance producer license held by the nonresident  
 42 producer until the commissioner receives notice from the nonresident



1 producer's home state that the home state license is in effect.

2 SECTION 37. IC 27-1-15.6-8.2, AS ADDED BY P.L.146-2015,  
3 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2018]: Sec. 8.2. (a) Unless denied licensure under section 12  
5 of this chapter, a person that is not a resident of Indiana shall receive  
6 a designated home state license if:

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

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

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

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

16 (A) is a resident of Indiana; and

17 (B) applies for the line of authority described in subdivision

18 (1).

19 (b) The commissioner may verify an insurance producer's licensing  
20 status through the ~~Producer Database maintained by the National~~  
21 ~~Association of Insurance Commissioners and its affiliates or~~  
22 ~~subsidiaries:~~ **centralized insurance producer license registry**  
23 **described in section 7 of this chapter.**

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

29 (d) A person that:

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

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

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

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

39 SECTION 38. IC 27-1-15.6-9, AS AMENDED BY P.L.11-2011,  
40 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
41 JULY 1, 2018]: Sec. 9. (a) An individual who applies for an insurance  
42 producer license in Indiana and who was previously licensed for the



1 same lines of authority in another state is not required to complete any  
 2 prelicensing education or examination. However, the exemption  
 3 provided by this subsection is available only if:

- 4 (1) the individual is currently licensed in the other state; or  
 5 (2) the application is received within ninety (90) days after the  
 6 cancellation of the applicant's previous license and:

7 (A) the other state issues a certification that, at the time of  
 8 cancellation, the applicant was in good standing in that state;  
 9 or

10 (B) the state's ~~Producer Database records that are maintained~~  
 11 ~~by the National Association of Insurance Commissioners, its~~  
 12 ~~affiliates, or its subsidiaries, records contained in the~~  
 13 **centralized insurance producer license registry described**  
 14 **in section 7 of this chapter** indicate that the producer is or  
 15 was licensed in good standing for the line of authority  
 16 requested.

17 (b) If a person is licensed as an insurance producer in another state  
 18 and moves to Indiana, the person, to be authorized to act as an  
 19 insurance producer in Indiana, must make application to become a  
 20 resident licensee under section 6 of this chapter within ninety (90) days  
 21 after establishing legal residence in Indiana. However, the person is not  
 22 required to take prelicensing education or examination to obtain a  
 23 license for any line of authority for which the person held a license in  
 24 the other state unless the commissioner determines otherwise by rule.

25 (c) An individual who:

26 (1) has attained the designation of chartered life underwriter,  
 27 certified financial planner, chartered financial consultant, or  
 28 another nationally recognized designation approved by the  
 29 commissioner; ~~or the National Association of Insurance~~  
 30 ~~Commissioners;~~ and

31 (2) applies for an insurance producer license in Indiana requesting  
 32 qualification under sections:

33 (A) 7(a)(1);

34 (B) 7(a)(2); or

35 (C) 7(a)(5);

36 of this chapter;

37 is not required to complete prelicensing education and is required to  
 38 take only the portion of the examination required under section 5(b) of  
 39 this chapter that pertains to Indiana laws and rules.

40 (d) An individual who:

41 (1) has attained the designation of chartered property and casualty  
 42 underwriter, certified insurance counselor, accredited advisor in



- 1 insurance, or another nationally recognized designation approved  
 2 by the commissioner; ~~or the National Association of Insurance~~  
 3 ~~Commissioners~~; and  
 4 (2) applies for an insurance producer license in Indiana requesting  
 5 qualification under sections:  
 6 (A) 7(a)(3);  
 7 (B) 7(a)(4); or  
 8 (C) 7(a)(6);  
 9 of this chapter;  
 10 is not required to complete prelicensing education and is required to  
 11 take only the portion of the examination required under section 5(b) of  
 12 this chapter that pertains to Indiana laws and rules.  
 13 (e) An individual who:  
 14 (1) has attained a bachelor's degree in insurance; and  
 15 (2) applies for an insurance producer license in Indiana requesting  
 16 qualification under section 7(a)(1) through 7(a)(6) of this chapter;  
 17 is not required to complete prelicensing education and is required to  
 18 take only the part of the examination required under section 5 of this  
 19 chapter that pertains to Indiana laws and rules.  
 20 SECTION 39. IC 27-1-20-33 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 33. (a) As used in this  
 22 section, "insurer" refers to each:  
 23 (1) domestic company;  
 24 (2) foreign company; and  
 25 (3) alien company;  
 26 that is authorized to transact business in Indiana.  
 27 (b) ~~As used in this section, "NAIC" means the National Association~~  
 28 ~~of Insurance Commissioners.~~  
 29 (c) (b) On or before March 1 of each year, an insurer shall file with  
 30 the ~~National Association of Insurance Commissioners~~ NAIC and with  
 31 the department a copy of the insurer's ~~annual statement convention~~  
 32 ~~blank Annual Statement Blank~~ and additional filings prescribed by  
 33 the commissioner for the preceding year. An insurer shall also file  
 34 quarterly statements with the NAIC and with the department on or  
 35 before May 15, August 15, and November 15 of each year in a form  
 36 prescribed by the commissioner. The information filed with the NAIC  
 37 under this subsection:  
 38 (1) must be:  
 39 (A) in the same format; and  
 40 (B) of the same scope;  
 41 as is required by the commissioner under section 21 of this  
 42 chapter;



1 (2) to the extent required by the NAIC, must include the signed  
2 jurat page and the actuarial certification; and

3 (3) must be filed electronically in accordance with NAIC  
4 electronic filing specifications.

5 The commissioner may grant an exemption from the requirement of  
6 subdivision (3) to domestic companies that operate only in Indiana. If  
7 an insurer files any amendment or addendum to an insurer's ~~annual~~  
8 ~~statement convention blank~~ **Annual Statement Blank** or quarterly  
9 statement with the commissioner, the insurer shall also file a copy of  
10 the amendment or addendum with the NAIC. Annual and quarterly  
11 financial statements are deemed filed with the NAIC when delivered  
12 to the address designated by the NAIC for the filings regardless of  
13 whether the filing is accompanied by any applicable fee.

14 ~~(d)~~ **(c)** The commissioner may, for good cause, grant an insurer an  
15 extension of time for the filing required by subsection ~~(e)~~: **(b)**.

16 ~~(e)~~ **(d)** A foreign company that:

17 (1) is domiciled in a state that has a law substantially similar to  
18 subsection ~~(e)~~: **(b)**; and

19 (2) complies with that law;

20 shall be considered to be in compliance with this section.

21 ~~(f)~~ **(e)** In the absence of actual malice:

22 (1) members of the NAIC;

23 (2) duly authorized committees, subcommittees, and task forces  
24 of members of the NAIC;

25 (3) delegates of members of the NAIC;

26 (4) employees of the NAIC; and

27 (5) other persons responsible for collecting, reviewing, analyzing,  
28 and disseminating information developed from the filing of  
29 ~~annual statement convention blanks~~ **Annual Statement Blanks**  
30 under this section;

31 shall be considered to be acting as agents of the commissioner under  
32 the authority of this section and are not subject to civil liability for  
33 libel, slander, or any other cause of action by virtue of the collection,  
34 review, analysis, or dissemination of the data and information collected  
35 from the filings required by this section.

36 ~~(g)~~ **(f)** The commissioner may suspend, revoke, or refuse to renew  
37 the certificate of authority of an insurer that fails to file the insurer's  
38 ~~annual statement convention blank~~ **Annual Statement Blank** or  
39 quarterly statements with the NAIC or with the department within the  
40 time allowed by subsection **(b) or (c)**. ~~or (d)~~:

41 SECTION 40. IC 27-1-23-2.5 IS AMENDED TO READ AS  
42 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2.5. (a) The following

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- 1 definitions apply throughout this section:
- 2 (1) "Acquisition" means any agreement, arrangement, or activity
- 3 the consummation of which results in a person acquiring directly
- 4 or indirectly the control of another person. The term includes the
- 5 acquisition of voting securities, and the acquisition of assets,
- 6 assumption reinsurance, and mergers.
- 7 (2) "Involved insurer" includes an insurer that:
- 8 (A) acquires;
- 9 (B) is acquired;
- 10 (C) is affiliated with an acquirer;
- 11 (D) is affiliated with an acquired; or
- 12 (E) is the result of a merger.
- 13 (b) Except as provided in subsection (c), this section applies to any
- 14 acquisition in which there is a change in control of an insurer
- 15 authorized to do business in Indiana.
- 16 (c) This section does not apply to the following:
- 17 (1) An acquisition subject to approval or disapproval by the
- 18 commissioner under section 2 of this chapter.
- 19 (2) A purchase of securities solely for investment purposes, so
- 20 long as those securities are not used by voting or otherwise to
- 21 cause or attempt to cause the substantial lessening of competition
- 22 in any insurance market in this state. If a purchase of securities
- 23 results in a presumption of control under section 1(e) of this
- 24 chapter, it is not solely for investment purposes unless the
- 25 commissioner of the insurer's state of domicile accepts a
- 26 disclaimer of control or affirmatively finds that control does not
- 27 exist and this disclaimer action or affirmative finding is
- 28 communicated by the domiciliary commissioner to the
- 29 commissioner of Indiana.
- 30 (3) The acquisition of a person by another person when both
- 31 persons are neither directly nor through affiliates primarily
- 32 engaged in the business of insurance, if a pre-acquisition
- 33 notification is filed with the commissioner in accordance with
- 34 subsection (d) at least thirty (30) days before the proposed
- 35 effective date of the acquisition. However, a pre-acquisition
- 36 notification is not required for an exclusion from this section if
- 37 the acquisition would otherwise be excluded from this section by
- 38 any other subdivision of this subsection.
- 39 (4) The acquisition of persons already affiliated with the acquirer.
- 40 (5) An acquisition if, as an immediate result of the acquisition:
- 41 (A) in no market would the combined market share of the
- 42 involved insurers exceed five percent (5%) of the total market;



- 1 (B) there would be no increase in any market share; or
- 2 (C) in no market would the combined market share of the
- 3 involved insurers:
- 4 (i) exceed twelve percent (12%) of the total market; or
- 5 (ii) increase by more than two percent (2%) of the total
- 6 market.
- 7 (6) An acquisition for which a pre-acquisition notification would
- 8 be required under this section due solely to the resulting effect on
- 9 the ocean marine insurance line of business.
- 10 (7) An acquisition of an insurer, if:
- 11 (A) the domiciliary commissioner of the insurer affirmatively
- 12 finds that:
- 13 (i) the insurer is in failing condition;
- 14 (ii) there is a lack of feasible alternatives to improving that
- 15 condition; and
- 16 (iii) the public benefits of improving the insurer's condition
- 17 through the acquisition exceed the public benefits that
- 18 would arise from not lessening competition; and
- 19 (B) those findings are communicated by the domiciliary
- 20 commissioner to the commissioner of Indiana.

21 For the purposes of this subsection, a "market" means the total direct  
 22 written insurance premium of all insurers providing insurance in  
 23 Indiana for a particular line of business, as reported in the annual  
 24 statements required to be filed by insurers licensed to do business in  
 25 Indiana.

26 (d) An order pursuant to subsection (j) may be entered with respect  
 27 to an acquisition to which this section applies unless the acquiring  
 28 person files a pre-acquisition notification with respect to the acquisition  
 29 and the waiting period referred to in subsection (f) has expired. An  
 30 acquired person may also file a pre-acquisition notification with respect  
 31 to an acquisition. Information in pre-acquisition notifications filed  
 32 under this section is confidential and protected from disclosure under  
 33 section 6 of this chapter.

34 (e) A pre-acquisition notification filed under this section must be in  
 35 the form and must contain the information prescribed by the ~~National~~  
 36 ~~Association of Insurance Commissioners~~ **NAIC, as adopted by the**  
 37 **commissioner in rules under IC 4-22-2**, with respect to markets that  
 38 meet the description set forth in subsection (c)(5), causing an  
 39 acquisition not to be exempted from the provisions of this section. The  
 40 commissioner may require additional material and information that the  
 41 commissioner considers necessary to determine whether the proposed  
 42 acquisition, if consummated, would violate the competitive standard set



1       forth in subsection (g). The required information may include an  
 2       opinion of an economist as to the competitive impact of the acquisition  
 3       in Indiana, accompanied by a summary of the education and experience  
 4       of the economist, indicating the economist's ability to render an  
 5       informed opinion.

6       (f) The waiting period required with respect to a proposed  
 7       acquisition begins on the day when the commissioner receives a  
 8       pre-acquisition notification and ends:

- 9           (1) on the thirtieth day after the day the commissioner receives the  
 10          notification; or  
 11          (2) upon the commissioner's termination of the waiting period, if  
 12          earlier.

13       Before the end of the waiting period, the commissioner, on a one-time  
 14       basis, may require the submission of additional needed information  
 15       relevant to the proposed acquisition. If the commissioner requests  
 16       additional information under this subsection, the waiting period ends  
 17       on the earlier of the thirtieth day after receipt of the additional  
 18       information by the commissioner or the termination of the waiting  
 19       period by the commissioner.

20       (g) The commissioner may enter an order under subsection (j) with  
 21       respect to an acquisition if:

- 22           (1) there is substantial evidence that the effect of the acquisition  
 23           may be substantially to lessen competition in any line of insurance  
 24           in Indiana or to tend to create a monopoly in any line of insurance  
 25           in Indiana; or  
 26           (2) the insurer fails to file adequate information in compliance  
 27           with subsections (d) and (e).

28       (h) In determining whether a proposed acquisition to which this  
 29       section applies would violate the competitive standard set forth in  
 30       subsection (g), the commissioner shall consider the following:

- 31           (1) An acquisition to which this section applies that involves two  
 32           (2) or more insurers competing in the same market is prima facie  
 33           evidence of a violation of the competitive standard:  
 34           (A) If the market is highly concentrated and the involved  
 35           insurers possess the following shares of the market:  
 36               (i) Insurer A a share of four percent (4%) and insurer B a  
 37               share of ~~4%~~ **four percent (4%)** or more.  
 38               (ii) Insurer A a share of ten percent (10%) and insurer B a  
 39               share of two percent (2%) or more.  
 40               (iii) Insurer A a share of fifteen percent (15%) and insurer  
 41               B a share of one percent (1%) or more.  
 42           (B) If the market is not highly concentrated and the involved



- 1 insurers possess the following shares of the market:
- 2 (i) Insurer A a share of five percent (5%) and insurer B a  
3 share of five percent (5%) or more.
- 4 (ii) Insurer A a share of ten percent (10%) and insurer B a  
5 share of four percent (4%) or more.
- 6 (iii) Insurer A a share of fifteen percent (15%) and insurer  
7 B a share of three percent (3%) or more.
- 8 (iv) Insurer A a share of nineteen percent (19%) and insurer  
9 B a share of one percent (1%) or more.
- 10 For the purposes of this subdivision, a highly concentrated market  
11 is a market in which the share of the four (4) largest insurers is  
12 seventy-five percent (75%) or more of the market. Percentages  
13 not referred to in this subdivision must be interpolated  
14 proportionately to the percentages that are referred to in this  
15 subdivision. If more than two (2) insurers are involved in a  
16 proposed acquisition, exceeding the total of the two (2) figures set  
17 forth for insurer A and insurer B in an item set forth in this  
18 subdivision is prima facie evidence of violation of the competitive  
19 standard set forth in subsection (g). For the purpose of this  
20 subdivision, the insurer with the largest share of the market shall  
21 be considered to be insurer A.
- 22 (2) There is a significant trend toward increased concentration  
23 when the aggregate market share of any grouping of the largest  
24 insurers in the market, from the two (2) largest to the eight (8)  
25 largest, has increased by seven percent (7%) or more of the  
26 market over a period of time extending from any base year five  
27 (5) to ten (10) years before the acquisition up to the time of the  
28 acquisition. Any acquisition or merger to which this section  
29 applies involving two (2) or more insurers competing in the same  
30 market is prima facie evidence of violation of the competitive  
31 standard set forth in subsection (g) if:
- 32 (A) there is a significant trend toward increased concentration  
33 in the market;
- 34 (B) one (1) of the insurers involved is one (1) of the insurers  
35 in a grouping of those large insurers showing the requisite  
36 increase in the market share; and
- 37 (C) the market share of another involved insurer is two percent  
38 (2%) or more.
- 39 (3) For the purposes of this subsection:
- 40 (A) The term "insurer" includes any company or group of  
41 companies under common management, ownership, or control.
- 42 (B) The term "market" means the relevant product and



1           geographical markets. In determining the relevant product and  
 2           geographical markets with respect to an acquisition, the  
 3           commissioner shall give due consideration to, among other  
 4           things, the definitions or guidelines, if any, promulgated by the  
 5           National Association of Insurance Commissioners, NAIC, and  
 6           to information, if any, submitted by parties to the acquisition.  
 7           In the absence of sufficient information to the contrary, the  
 8           relevant product market is assumed to be the direct written  
 9           insurance premium for a line of business that is used in the  
 10          annual statement required to be filed by insurers doing  
 11          business in Indiana, and the relevant geographical market is  
 12          assumed to be Indiana.

13          (C) The burden of showing prima facie evidence of a violation  
 14          of the competitive standard rests upon the commissioner.

15          (4) Even though an acquisition is not prima facie violative of the  
 16          competitive standard under subdivisions (1) and (2), the  
 17          commissioner may establish the requisite anticompetitive effect  
 18          based upon other substantial evidence. Even though an  
 19          acquisition is prima facie violative of the competitive standard  
 20          under subdivisions (1) and (2), a party may establish the absence  
 21          of the requisite anticompetitive effect based upon other  
 22          substantial evidence. Relevant factors in making a determination  
 23          under this subdivision include, but are not limited to, the  
 24          following:

25                (A) Market shares.

26                (B) Volatility of ranking of market leaders.

27                (C) Number of competitors.

28                (D) Concentration and trend of concentration in the industry.

29                (E) Ease of entry into and exit from the market.

30          (i) An order may not be entered under subsection (j) if:

31                (1) the acquisition will yield substantial economies of scale or  
 32                economies in resource utilization that cannot be feasibly achieved  
 33                in any other way, and the public benefits that would arise from  
 34                those economies exceed the public benefits that would arise from  
 35                not lessening competition; or

36                (2) the acquisition will substantially increase the availability of  
 37                insurance, and the public benefits of that increase exceed the  
 38                public benefits that would arise from not lessening competition.

39          (j) If an acquisition violates the standards set forth in this section,  
 40          the commissioner may enter an order:

41                (1) requiring an involved insurer to cease and desist from doing  
 42                business in Indiana with respect to the line or lines of insurance



1 involved in the violation; or  
 2 (2) denying the application of an acquired or acquiring insurer for  
 3 a license to do business in Indiana.  
 4 (k) An order may not be entered under subsection (j) unless:  
 5 (1) there is a hearing;  
 6 (2) notice of the hearing is issued before the end of the waiting  
 7 period and not less than fifteen (15) days before the hearing; and  
 8 (3) the hearing is concluded and the order is issued not more than  
 9 sixty (60) days after the end of the waiting period.  
 10 Every order shall be accompanied by a written decision of the  
 11 commissioner setting forth the commissioner's findings of fact and  
 12 conclusions of law.  
 13 (l) An order entered under subsection (j) shall not become final less  
 14 than thirty (30) days after it is issued, during which time the involved  
 15 insurer may submit a plan to remedy the anticompetitive impact of the  
 16 acquisition within a reasonable time. Based upon that plan or other  
 17 information, the commissioner shall specify the conditions, if any,  
 18 under which the aspects of the acquisition causing a violation of the  
 19 standards of this section would be remedied and the order vacated or  
 20 modified, and the time period within which those aspects would have  
 21 to be remedied.  
 22 (m) An order entered under subsection (j) does not apply if the  
 23 acquisition to which the order applies is not consummated.  
 24 (n) A person who violates a cease and desist order issued by the  
 25 commissioner under subsection (j) while that order is in effect may,  
 26 after notice and hearing under IC 4-21.5 and upon order of the  
 27 commissioner, be subject at the discretion of the commissioner to any  
 28 one (1) or more of the following:  
 29 (1) A civil penalty of not more than ten thousand dollars  
 30 (\$10,000) for each day of violation.  
 31 (2) The suspension or revocation of the person's license.  
 32 (3) Both a monetary penalty under subdivision (1) and the  
 33 suspension or revocation of the person's license under subdivision  
 34 (2).  
 35 (o) An insurer or other person who fails to make any filing required  
 36 by this section and also fails to demonstrate a good faith effort to  
 37 comply with that filing requirement is subject to a civil penalty of not  
 38 more than fifty thousand dollars (\$50,000).  
 39 (p) Sections 8(b), 8(c), and 10 of this chapter do not apply to an  
 40 acquisition to which this section applies.  
 41 SECTION 41. IC 27-1-23-3, AS AMENDED BY P.L.72-2016,  
 42 SECTION 11, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE



1 JULY 1, 2018]: Sec. 3. (a) Every insurer which is authorized to do  
 2 business in this state and which is a member of an insurance holding  
 3 company system shall register with the commissioner, except a foreign  
 4 insurer subject to disclosure requirements and standards adopted by  
 5 statute or regulation in the jurisdiction of its domicile which are  
 6 substantially similar to those contained in:

- 7 (1) this section;  
 8 (2) section 4(a) and 4(c) of this chapter; and  
 9 (3) section 4(b) of this chapter or a provision such as the  
 10 following:

11 Each registered insurer shall keep current the information  
 12 required to be disclosed in its registration statement by  
 13 reporting all material changes or additions within fifteen  
 14 (15) days after the end of the month in which it learns of  
 15 each such change or addition.

16 Any insurer which is subject to registration under this section shall  
 17 register within fifteen (15) days after it becomes subject to registration,  
 18 and annually thereafter by July 1 of each year for the previous calendar  
 19 year, unless the commissioner for good cause shown extends the time  
 20 for registration, and then within such extended time. The commissioner  
 21 may require any authorized insurer which is a member of an insurance  
 22 holding company system but not subject to registration under this  
 23 section to furnish a copy of the registration statement or other  
 24 information filed by such insurer with the insurance regulatory  
 25 authority of its domiciliary jurisdiction.

26 (b) Every insurer subject to registration shall file a registration  
 27 statement on a form prescribed by the commissioner, which shall  
 28 contain current information about all of the following:

- 29 (1) The capital structure, general financial condition, ownership  
 30 and management of the insurer and any person controlling the  
 31 insurer.  
 32 (2) The identity of every member of the insurance holding  
 33 company system.  
 34 (3) The following agreements in force, relationships subsisting,  
 35 and transactions that are currently outstanding or that have  
 36 occurred during the last calendar year between such insurer and  
 37 its affiliates:  
 38 (A) loans, other investments, or purchases, sales or exchanges  
 39 of securities of the affiliates by the insurer or of the insurer by  
 40 its affiliates;  
 41 (B) purchases, sales, or exchanges of assets;  
 42 (C) transactions not in the ordinary course of business;



- 1 (D) guarantees or undertakings for the benefit of an affiliate
- 2 which result in an actual contingent exposure of the insurer's
- 3 assets to liability, other than insurance contracts entered into
- 4 in the ordinary course of the insurer's business;
- 5 (E) all management and service contracts and all cost-sharing
- 6 arrangements;
- 7 (F) reinsurance agreements;
- 8 (G) dividends and other distributions to shareholders; and
- 9 (H) consolidated tax allocation agreements.
- 10 (4) Any pledge of the insurer's stock, including stock of any
- 11 subsidiary or controlling affiliate, for a loan made to any member
- 12 of the insurance holding company system.
- 13 (5) If requested by the commissioner, financial statements of the
- 14 insurance holding company system, the parent corporation of the
- 15 insurer, or all affiliates, including annual audited financial
- 16 statements filed with the federal Securities and Exchange
- 17 Commission under the Securities Act of 1933 **(15 U.S.C. 77a et**
- 18 **seq.)** or the federal Securities Exchange Act of 1934 **both as**
- 19 **amended: (15 U.S.C. 78a et seq.).**
- 20 (6) Statements reflecting that the insurer's:
- 21 (A) board of directors oversees corporate governance and
- 22 internal controls; and
- 23 (B) officers or senior management have approved and
- 24 implemented and maintain and monitor corporate governance
- 25 and internal control procedures.
- 26 (7) Other matters concerning transactions between registered
- 27 insurers and any affiliates as may be included from time to time
- 28 in any registration forms prescribed by the commissioner.
- 29 (8) Other information that the commissioner requires under rules
- 30 adopted under IC 4-22-2.
- 31 (c) Every registration statement must contain a summary outlining
- 32 all items in the current registration statement representing changes
- 33 from the prior registration statement.
- 34 (d) No information need be disclosed on the registration statement
- 35 filed pursuant to subsection (b) if such information is not material for
- 36 the purposes of this section. Unless the commissioner by rule or order
- 37 provides otherwise, sales, purchases, exchanges, loans or extensions of
- 38 credit, or investments, involving one-half of one per cent (0.5%) or less
- 39 of an insurer's admitted assets as of the 31st day of December next
- 40 preceding shall not be deemed material for purposes of this section.
- 41 (e) Each registered insurer shall keep current the information
- 42 required to be disclosed in its registration statement by reporting all





1 material changes or additions on amendment forms prescribed by the  
2 commissioner within fifteen (15) days after the end of the month in  
3 which it learns of each such change or addition.

4 (f) A person within an insurance holding company system subject  
5 to registration under this chapter shall provide complete and accurate  
6 information to an insurer when that information is reasonably necessary  
7 to enable the insurer to comply with this chapter.

8 (g) The commissioner shall terminate the registration of any insurer  
9 which demonstrates that it no longer is subject to the provisions of this  
10 section.

11 (h) The commissioner may require or allow two (2) or more  
12 affiliated insurers subject to registration under this section to file a  
13 consolidated registration statement or consolidated reports amending  
14 their consolidated registration statement or their individual registration  
15 statements.

16 (i) The commissioner may allow an insurer which is authorized to  
17 do business in this state and which is a member of an insurance holding  
18 company system to register on behalf of any affiliated insurer which is  
19 required to register under subsection (a) and to file all information and  
20 material required to be filed under this section.

21 (j) The provisions of this section shall not apply to any insurer,  
22 information, or transaction if and to the extent that the commissioner  
23 by rule or order shall exempt the same from the provisions of this  
24 section.

25 (k) Any person may file with the commissioner a disclaimer of  
26 affiliation with any authorized insurer or such a disclaimer may be filed  
27 by such insurer or any member of an insurance holding company  
28 system. The disclaimer shall fully disclose all material relationships  
29 and bases for affiliation between such person and such insurer as well  
30 as the basis for disclaiming such affiliation. After a disclaimer has been  
31 filed, the insurer shall be relieved of any duty to register or report under  
32 this section which may arise out of the insurer's relationship with such  
33 person unless and until the commissioner disallows such disclaimer. A  
34 disclaimer of affiliation is considered to have been granted unless the  
35 commissioner, less than thirty (30) days after receiving a disclaimer,  
36 notifies the person filing the disclaimer that the disclaimer is  
37 disallowed. The commissioner shall disallow such disclaimer only after  
38 furnishing all parties in interest with notice and opportunity to be  
39 heard.

40 (l) The person that ultimately controls an insurer that is subject to  
41 registration shall file with the lead state commissioner of the insurance  
42 holding company system (as determined by the procedures in the



1 Financial Analysis Handbook) adopted by the NAIC) an annual  
 2 enterprise risk report that identifies, to the best of the person's  
 3 knowledge, the material risks within the insurance holding company  
 4 system that could pose enterprise risk to the insurer.

5 (m) The commissioner may impose on a person a civil penalty of  
 6 one hundred dollars (\$100) per day that the person fails to file, within  
 7 the period specified, a:

8 (1) registration statement; or

9 (2) summary of a registration statement or enterprise risk filing;  
 10 required by this section. The commissioner shall deposit a civil penalty  
 11 collected under this subsection in the department of insurance fund  
 12 established by IC 27-1-3-28.

13 SECTION 42. IC 27-1-23-6, AS AMENDED BY P.L.81-2012,  
 14 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 15 JULY 1, 2018]: Sec. 6. (a) Documents, materials, and other  
 16 information in the possession or control of the department that are  
 17 obtained by or disclosed to the commissioner or any other person in the  
 18 course of an examination or investigation made pursuant to section 5  
 19 of this chapter and all information reported pursuant to sections  
 20 2(c)(17), 2(c)(18), 3, and 4 of this chapter are confidential and  
 21 privileged and shall not be subject to subpoena, discoverable, or  
 22 admissible in evidence in a private civil action. However, the  
 23 commissioner may use the documents, materials, and other information  
 24 in the performance of the commissioner's duties as described in  
 25 subsections (c) and (d). The commissioner shall not make the  
 26 materials, documents, or other information public without the prior  
 27 written consent of the insurer to which it pertains unless the  
 28 commissioner, after giving the insurer and its affiliates who would be  
 29 affected thereby notice and opportunity to be heard, determines that the  
 30 interests of policyholders or the public will be served by the publication  
 31 thereof, in which event the commissioner may publish all or any part  
 32 thereof in such manner as the commissioner considers appropriate.

33 (b) The commissioner and any other person:

34 (1) who receives documents, materials, or other information while  
 35 acting under the authority of the commissioner; or

36 (2) with whom the documents, materials, or other information are  
 37 shared;

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

41 (c) The commissioner may do the following:

42 (1) Except as provided in subdivision (2), share documents,



1 materials, and other information described in this section with the  
 2 following if the recipient agrees in writing, and provides written  
 3 verification that the recipient has the legal authority, to maintain  
 4 the confidential and privileged status of the documents, materials,  
 5 and other information:

6 (A) Other state, federal, and international regulatory agencies.

7 (B) The NAIC and affiliates and subsidiaries of the NAIC.

8 (C) State, federal, and international law enforcement  
 9 authorities.

10 (D) Members of a supervisory college described in section 5.1  
 11 of this chapter.

12 (2) With respect to confidential and privileged documents,  
 13 materials, and other information reported under section 3(l) of this  
 14 chapter, share the documents, materials, and other information  
 15 with commissioners who:

16 (A) regulate insurance in states with a law that is substantially  
 17 similar to subsection (a); and

18 (B) have agreed in writing not to disclose the documents,  
 19 materials, or other information.

20 (3) Receive documents, materials, or other information from:

21 (A) the NAIC and affiliates and subsidiaries of the NAIC; **and**

22 (B) regulatory and law enforcement officials of domestic or  
 23 foreign jurisdictions;

24 if the commissioner maintains the confidential or privileged status  
 25 of the documents, materials, and other information that are  
 26 received with notice or the understanding that the documents,  
 27 materials, and other information are confidential or privileged  
 28 under the laws of the jurisdiction that is the source of the  
 29 documents, materials, and other information.

30 (d) The commissioner shall enter into written agreements with the  
 31 NAIC governing sharing and use of information provided under this  
 32 chapter, including the following:

33 (1) Procedures and protocols concerning the confidentiality and  
 34 security of information shared:

35 (A) with the NAIC and affiliates and subsidiaries of the NAIC  
 36 under this chapter; and

37 (B) by the NAIC with other state, federal, and international  
 38 regulators.

39 (2) A statement that, with respect to information shared with and  
 40 used by the NAIC and affiliates and subsidiaries of the NAIC  
 41 under this chapter:

42 (A) the commissioner maintains ownership of the information;



1                   and  
 2                   (B) the use of the information is subject to the direction of the  
 3                   commissioner.  
 4                   (3) A requirement that, if confidential information of an insurer  
 5                   that is in the possession of the NAIC under this chapter is subject  
 6                   to a request or subpoena to the NAIC for production or disclosure,  
 7                   the NAIC will provide prompt notice to the insurer.  
 8                   (4) A requirement that the NAIC and affiliates and subsidiaries of  
 9                   the NAIC will allow intervention by an insurer in a judicial or  
 10                  administrative action under which the NAIC or affiliates or  
 11                  subsidiaries of the NAIC may be required to disclose confidential  
 12                  information concerning the insurer that has been shared with the  
 13                  NAIC or affiliates or subsidiaries of the NAIC under this chapter.  
 14                  (e) The sharing of information by the commissioner under this  
 15                  chapter is not considered to be a delegation of regulatory authority. The  
 16                  commissioner is solely responsible for the administration,  
 17                  implementation, and enforcement of this chapter.  
 18                  (f) Disclosure to or sharing by the commissioner of documents,  
 19                  materials, or other information under this chapter is not a waiver of any  
 20                  applicable privilege or claim of confidentiality in the documents,  
 21                  materials, or other information.  
 22                  (g) Documents, materials, and other information in the possession  
 23                  or control of the NAIC under this section are:  
 24                      (1) confidential;  
 25                      (2) privileged;  
 26                      (3) not subject to subpoena; and  
 27                      (4) not discoverable or admissible in evidence in a private civil  
 28                      action.  
 29                  SECTION 43. IC 27-1-23.5-6 IS REPEALED [EFFECTIVE JULY  
 30                  1, 2018]. Sec. 6. (a) ~~As used in this chapter, "ORSA guidance manual"~~  
 31                  ~~refers to the current version of the Own Risk and Solvency Assessment~~  
 32                  ~~Guidance Manual of the NAIC.~~  
 33                  (b) ~~As used in subsection (a); "current version" means the version~~  
 34                  ~~containing:~~  
 35                      ~~(1) all changes that were made before; and~~  
 36                      ~~(2) no changes that were made on or after;~~  
 37                  ~~January 1 of the current calendar year.~~  
 38                  SECTION 44. IC 27-1-23.5-10, AS ADDED BY P.L.129-2014,  
 39                  SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 40                  JULY 1, 2018]: Sec. 10. (a) Upon the request of the commissioner, and  
 41                  not more than one (1) time per year, an insurer shall submit to the  
 42                  commissioner:



1 (1) an ORSA summary report; or  
2 (2) a combination of reports that together contain the information  
3 described in the ORSA ~~guidance manual~~; **Manual**;  
4 applicable to the insurer or insurance group of which the insurer is a  
5 member.

6 (b) Regardless of a request from the commissioner, if the  
7 commissioner is the lead state commissioner of an insurance group of  
8 which an insurer is a member (as determined by the procedures in the  
9 ~~NAIC~~ Financial Analysis Handbook), the insurer shall submit a report  
10 described in subsection (a) at least one (1) time per year.

11 (c) A report required by this section must include a signature of the  
12 insurer's or insurance group's chief risk officer, or another executive  
13 who has responsibility for the oversight of the insurer's enterprise risk  
14 management process, attesting that:

15 (1) to the best of the officer's or executive's belief and knowledge  
16 the insurer applies the enterprise risk management process  
17 described in the ORSA summary report; and

18 (2) a copy of the report has been provided to the insurer's board  
19 of directors or the appropriate committee of the insurer's board of  
20 directors.

21 (d) If an insurer or another member of an insurance group of which  
22 the insurer is a member submits to the commissioner the most recent  
23 report that:

- 24 (1) was provided to the:  
25 (A) commissioner of another state; or  
26 (B) regulatory authority of an alien jurisdiction;  
27 (2) is substantially similar to an ORSA summary report; and  
28 (3) contains information that is comparable to the information  
29 described in the ORSA ~~guidance manual~~; **Manual**;

30 the insurer is considered to have satisfied the requirements of this  
31 section.

32 (e) If a report described in subsection (d) is completed in a language  
33 other than English, a translation of the report into the English language  
34 must be submitted with the report.

35 SECTION 45. IC 27-1-23.5-11, AS ADDED BY P.L.129-2014,  
36 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
37 JULY 1, 2018]: Sec. 11. (a) Except as otherwise provided in this  
38 section, an insurer is exempt from the requirements of this chapter if:

39 (1) the insurer has annual direct written and unaffiliated assumed  
40 premium, including international direct and assumed premium but  
41 excluding premiums reinsured with the Federal Crop Insurance  
42 Corporation and Federal Flood Program, of less than five hundred



1 million dollars (\$500,000,000); and

2 (2) the insurance group of which the insurer is a member has  
3 annual direct written and unaffiliated assumed premium,  
4 including international direct and assumed premium but  
5 excluding premiums reinsured with the Federal Crop Insurance  
6 Corporation and Federal Flood Program, of less than one billion  
7 dollars (\$1,000,000,000).

8 (b) If:

9 (1) an insurer qualifies under subsection (a)(1) for exemption  
10 from the requirements of this chapter; and

11 (2) the insurance group of which the insurer is a member does not  
12 qualify for exemption under subsection (a)(2);

13 an ORSA summary report required by section 10 of this chapter must  
14 include every insurer that is a member of the insurance group.

15 (c) If:

16 (1) an insurance group described in subsection (b) submits more  
17 than one (1) ORSA summary report for a combination of insurers;  
18 and

19 (2) the combination of ORSA summary reports submitted as  
20 described in subdivision (1) includes every insurer that is a  
21 member of the insurance group;

22 the insurance group is considered to be in compliance with subsection  
23 (b).

24 (d) If:

25 (1) an insurer does not qualify under subsection (a)(1) for  
26 exemption from the requirements of this chapter; and

27 (2) the insurance group of which the insurer is a member qualifies  
28 for exemption under subsection (a)(2);

29 the only ORSA summary report that is required under section 10 of this  
30 chapter is the report that applies to the insurer.

31 (e) An insurer that does not qualify under subsection (a) for  
32 exemption from the requirements of this chapter may apply to the  
33 commissioner for a waiver from the requirements of this chapter based  
34 on unique circumstances. In deciding whether to grant an insurer's  
35 request for a waiver, the commissioner:

36 (1) may consider the type and volume of business written,  
37 ownership and organizational structure, and any other factor the  
38 commissioner considers relevant to the insurer or insurance group  
39 of which the insurer is a member; and

40 (2) shall, if the insurer is part of an insurance group with insurers  
41 domiciled in more than one (1) state, coordinate with the:

42 (A) lead state commissioner of the insurance group (as



- 1 determined by the procedures in the NAIC Financial Analysis  
 2 Handbook); and  
 3 (B) other domiciliary commissioners;  
 4 in considering whether to grant the insurer's request for a waiver.
- 5 (f) The commissioner may, regardless of an insurer's qualification  
 6 under this section for exemption from the requirements of this chapter,  
 7 require that an insurer maintain a risk management framework, conduct  
 8 an ORSA, and file an ORSA summary report if one (1) of the following  
 9 applies:
- 10 (1) If unique circumstances exist, as determined by the  
 11 commissioner, including the following:
- 12 (A) The type and volume of business written by the insurer.  
 13 (B) The insurer's ownership and organizational structure.  
 14 (C) The request of a federal agency.  
 15 (D) The request of an international supervisor.
- 16 (2) If the insurer:
- 17 (A) has authorized control level RBC for a company action  
 18 level event under IC 27-1-36;  
 19 (B) meets at least one (1) of the standards of an insurer  
 20 considered to be in hazardous financial condition according to  
 21 rules adopted by the department under IC 27-1-3-7; or  
 22 (C) exhibits other qualities of a troubled insurer, as determined  
 23 by the commissioner.
- 24 (g) If an insurer ceases to qualify for an exemption under this  
 25 section due to changes in premium, as reflected in:
- 26 (1) the insurer's most recent annual statement; or  
 27 (2) the most recent annual statements of the insurers that are  
 28 members of the insurance group of which the insurer is a member;  
 29 the insurer must meet the requirements of this chapter not later than  
 30 one (1) year after the date on which the premium change occurs.
- 31 SECTION 46. IC 27-1-25-1, AS AMENDED BY P.L.11-2011,  
 32 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 33 JULY 1, 2018]: Sec. 1. As used in this chapter:
- 34 (a) "Administrator" means a person who directly or indirectly and  
 35 on behalf of an insurer underwrites, collects charges or premiums from,  
 36 or adjusts or settles claims on residents of Indiana in connection with  
 37 life, annuity, or health coverage offered or provided by an insurer. The  
 38 term "administrator" does not include the following persons:
- 39 (1) An employer or a wholly owned direct or indirect subsidiary  
 40 of an employer acting on behalf of the employees of:
- 41 (A) the employer;  
 42 (B) the subsidiary; or



- 1 (C) an affiliated corporation of the employer.  
 2 (2) A union acting for its members.  
 3 (3) An insurer.  
 4 (4) An insurance producer:  
 5 (A) that is licensed under IC 27-1-15.6;  
 6 (B) that has:  
 7 (i) a life; or  
 8 (ii) an accident and health or sickness;  
 9 qualification under IC 27-1-15.6-7; and  
 10 (C) whose activities are limited exclusively to the sale of  
 11 insurance.  
 12 (5) A creditor acting for its debtors regarding insurance covering  
 13 a debt between them.  
 14 (6) A trust established under 29 U.S.C. 186 and the trustees,  
 15 agents, and employees acting pursuant to that trust.  
 16 (7) A trust that is exempt from taxation under Section 501(a) of  
 17 the Internal Revenue Code and:  
 18 (A) the trustees and employees acting pursuant to that trust; or  
 19 (B) a custodian and the agents and employees of the custodian  
 20 acting pursuant to a custodian account that meets the  
 21 requirements of Section 401(f) of the Internal Revenue Code.  
 22 (8) A financial institution that is subject to supervision or  
 23 examination by federal or state banking authorities to the extent  
 24 that the financial institution collects and remits premiums to an  
 25 insurance producer or an authorized insurer in connection with a  
 26 loan payment.  
 27 (9) A credit card issuing company that:  
 28 (A) advances for; and  
 29 (B) collects from, when a credit card holder authorizes the  
 30 collection;  
 31 credit card holders of the credit card issuing company, insurance  
 32 premiums or charges.  
 33 (10) A person that adjusts or settles claims in the normal course  
 34 of the person's practice or employment as an attorney at law and  
 35 that does not collect charges or premiums in connection with life,  
 36 annuity, or health coverage.  
 37 (11) A health maintenance organization that has a certificate of  
 38 authority issued under IC 27-13.  
 39 (12) A limited service health maintenance organization that has  
 40 a certificate of authority issued under IC 27-13.  
 41 (13) A mortgage lender to the extent that the mortgage lender  
 42 collects and remits premiums to an insurance producer or an





- 1 authorized insurer in connection with a loan payment.
- 2 (14) A person that:
  - 3 (A) is licensed as a managing general agent as required under
  - 4 IC 27-1-33; and
  - 5 (B) acts exclusively within the scope of activities provided for
  - 6 under the license referred to in clause (A).
- 7 (15) A person that:
  - 8 (A) directly or indirectly underwrites, collects charges or
  - 9 premiums from, or adjusts or settles claims on residents of
  - 10 Indiana in connection with life, annuity, or health coverage
  - 11 provided by an insurer;
  - 12 (B) is affiliated with the insurer; and
  - 13 (C) performs the duties specified in clause (A) only according
  - 14 to a contract between the person and the insurer for the direct
  - 15 and assumed life, annuity, or health coverage provided by the
  - 16 insurer.
- 17 (b) "Affiliate" means an entity or a person that:
  - 18 (1) directly or indirectly through an intermediary controls or is
  - 19 controlled by; or
  - 20 (2) is under common control with;
  - 21 a specified entity or person.
- 22 (c) "Church plan" has the meaning set forth in IC 27-8-10-1.
- 23 (d) "Commissioner" refers to the insurance commissioner appointed
- 24 under IC 27-1-1-2.
- 25 (e) "Control" means the direct or indirect possession of the power
- 26 to direct or cause the direction of the management and policies of a
- 27 person, whether:
  - 28 (1) through ownership of voting securities;
  - 29 (2) by contract other than a commercial contract for goods or
  - 30 nonmanagement services; or
  - 31 (3) otherwise;
  - 32 unless the power is the result of an official position with the person or
  - 33 a corporate office held by the person. Control is presumed to exist if a
  - 34 person directly or indirectly owns, controls, holds with the power to
  - 35 vote, or holds proxies representing not less than ten percent (10%) of
  - 36 the voting securities of another person.
- 37 (f) "Covered individual" means an individual who is covered under
- 38 a benefit program provided by an insurer.
- 39 (g) "Financial institution" means a bank, savings association, credit
- 40 union, or any other institution regulated under IC 28 or federal law.
- 41 (h) "GAAP" refers to consistently applied United States generally
- 42 accepted accounting principles.



- 1 (i) "Governmental plan" has the meaning set forth in IC 27-8-10-1.  
 2 (j) "Home state" means the District of Columbia or any state or  
 3 territory of the United States in which an administrator is incorporated  
 4 or maintains the administrator's principal place of business. If the place  
 5 in which the administrator is incorporated or maintains the  
 6 administrator's principal place of business is not governed by a law that  
 7 is substantially similar to this chapter, the administrator's home state is  
 8 another state:  
 9 (1) in which the administrator conducts the business of the  
 10 administrator; and  
 11 (2) that the administrator declares is the administrator's home  
 12 state.  
 13 (k) "Insurance producer" has the meaning set forth in  
 14 IC 27-1-15.6-2.  
 15 (l) "Insurer" means:  
 16 (1) a person who obtains a certificate of authority under:  
 17 (A) IC 27-1-3-20;  
 18 (B) IC 27-13-3; or  
 19 (C) IC 27-13-34; or  
 20 (2) an employer that provides life, health, or annuity coverage in  
 21 Indiana under a governmental plan or a church plan.  
 22 ~~(m) "NAIC" refers to the National Association of Insurance~~  
 23 ~~Commissioners.~~  
 24 ~~(n) (m) "Negotiate" has the meaning set forth in IC 27-1-15.6-2.~~  
 25 ~~(o) (n) "Nonresident administrator" means a person that applies for~~  
 26 ~~or holds a license under section 12.2 of this chapter.~~  
 27 ~~(p) (o) "Person" has the meaning set forth in IC 27-1-15.6-2.~~  
 28 ~~(q) (p) "Sell" has the meaning set forth in IC 27-1-15.6-2.~~  
 29 ~~(r) (q) "Solicit" has the meaning set forth in IC 27-1-15.6-2.~~  
 30 ~~(s) (r) "Underwrite" refers to the:~~  
 31 (1) acceptance of a group application or an individual application  
 32 for coverage of an individual in accordance with the written rules  
 33 of the insurer; or  
 34 (2) planning and coordination of a benefit program provided by  
 35 an insurer.  
 36 ~~(t) "Uniform application" means the current version of the NAIC~~  
 37 ~~uniform application for third party administrators.~~  
 38 SECTION 47. IC 27-1-25-4 IS AMENDED TO READ AS  
 39 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4. (a) An administrator:  
 40 (1) shall maintain at its principal administrative office books and  
 41 records of all transactions between the administrator and insurers  
 42 for at least five (5) years after the creation of the books and



- 1 records; or
- 2 (2) may transfer the books and records of transactions between
- 3 the administrator and an insurer with which the administrator has
- 4 entered into a written agreement under section 2 of this chapter to
- 5 a new administrator if:
- 6 (A) the agreement between the administrator and the insurer
- 7 is canceled; and
- 8 (B) a written agreement for a transfer of the books and records
- 9 is made between the administrator and the insurer.
- 10 If the books and records are transferred to a new administrator under
- 11 subdivision (2), the new administrator shall acknowledge in writing
- 12 that the new administrator is responsible for retaining the books and
- 13 records of the prior administrator as required under subdivision (1).
- 14 The books and records must be maintained in accordance with
- 15 generally accepted standards of insurance record keeping.
- 16 (b) The commissioner is entitled to inspect all books and records of
- 17 the administrator for the purpose of examinations and audits. Trade
- 18 secrets contained within those books and records, including the identity
- 19 and addresses of policyholders and certificate holders, financial
- 20 information concerning the administrator, and the business plan of the
- 21 administrator, are to remain confidential. However, the commissioner
- 22 may use that confidential information in proceedings instituted against
- 23 the administrator.
- 24 (c) An insurer is the owner of records that:
- 25 (1) are generated by an administrator with which the insurer has
- 26 entered into a written agreement under section 2 of this chapter;
- 27 and
- 28 (2) pertain to the insurer.
- 29 However, the administrator retains the right to continuing access to
- 30 books and records necessary to fulfill the administrator's contractual
- 31 obligations to covered individuals, claimants, and the insurer.
- 32 (d) An administrator that is licensed under section 11.1 of this
- 33 chapter shall make available for inspection by the commissioner copies
- 34 of written agreements with insurers.
- 35 (e) An administrator that is licensed under section 11.1 of this
- 36 chapter shall:
- 37 (1) produce the administrator's accounts, records, and files for
- 38 examination; and
- 39 (2) make the administrator's officers available to provide
- 40 information concerning the affairs of the administrator;
- 41 whenever reasonably required by the commissioner.
- 42 (f) An administrator that is licensed under section 11.1 of this



1 chapter shall immediately notify the commissioner of a material change  
2 in:

- 3 (1) the ownership or control of the administrator; or
- 4 (2) another fact or circumstance that affects the administrator's  
5 qualification for a license.

6 The commissioner, upon receiving notice under this subsection, shall  
7 report the change to ~~an electronic data base maintained by the NAIC or~~  
8 ~~an affiliate or a subsidiary of the NAIC.~~ **the centralized insurance**  
9 **producer license registry described in IC 27-1-15.6-7.**

10 (g) An administrator that is licensed under section 11.1 of this  
11 chapter and that administers a governmental plan or a church plan shall  
12 maintain a bond:

- 13 (1) for the use and benefit of:
  - 14 (A) the commissioner; and
  - 15 (B) the insurance regulator of any state in which the  
16 administrator is authorized to conduct business; and
- 17 (2) that covers an individual and a person that has remitted  
18 premiums, insurance, charges, or other money to the administrator  
19 in the course of the administrator's business;

20 in an amount equal to the greater of one hundred thousand dollars  
21 (\$100,000) or ten percent (10%) of the total of funds administered in  
22 connection with governmental plans or church plans in Indiana and all  
23 other states in which the administrator is authorized to conduct  
24 business.

25 SECTION 48. IC 27-1-25-11.1, AS AMENDED BY P.L.11-2011,  
26 SECTION 19, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
27 JULY 1, 2018]: Sec. 11.1. (a) If the home state of a person is Indiana,  
28 the person shall:

- 29 (1) apply to act as an administrator in Indiana upon the uniform  
30 application **for third party administrator license;**
- 31 (2) pay an application fee in an amount determined by the  
32 commissioner; and
- 33 (3) receive a license from the commissioner;

34 before performing the function of an administrator in Indiana. The  
35 commissioner shall deposit a fee paid under subdivision (2) into the  
36 department of insurance fund established by IC 27-1-3-28.

37 (b) The uniform application **for third party administrator license**  
38 must include or be accompanied by the following:

- 39 (1) Basic organizational documents of the applicant, including:
  - 40 (A) articles of incorporation;
  - 41 (B) articles of association;
  - 42 (C) partnership agreement;



- 1 (D) trade name certificate;  
 2 (E) trust agreement;  
 3 (F) shareholder agreement;  
 4 (G) other applicable documents; and  
 5 (H) amendments to the documents specified in clauses (A)  
 6 through (G).  
 7 (2) Bylaws, rules, regulations, or other documents that regulate  
 8 the internal affairs of the applicant.  
 9 (3) The NAIC biographical affidavits for individuals who are  
 10 responsible for the conduct of affairs of the applicant, including:  
 11 (A) members of the applicant's:  
 12 (i) board of directors;  
 13 (ii) board of trustees;  
 14 (iii) executive committee; or  
 15 (iv) other governing board or committee;  
 16 (B) principal officers, if the applicant is a corporation;  
 17 (C) partners or members, if the applicant is:  
 18 (i) a partnership;  
 19 (ii) an association; or  
 20 (iii) a limited liability company;  
 21 (D) shareholders or members that hold, directly or indirectly,  
 22 at least ten percent (10%) of the:  
 23 (i) voting stock;  
 24 (ii) voting securities; or  
 25 (iii) voting interest;  
 26 of the applicant; and  
 27 (E) any other person who exercises control or influence over  
 28 the affairs of the applicant.  
 29 (4) Financial information reflecting a positive net worth,  
 30 including:  
 31 (A) audited annual financial statements prepared by an  
 32 independent certified public accountant for the two (2) most  
 33 recent fiscal years; or  
 34 (B) if the applicant has been in business for less than two (2)  
 35 fiscal years, financial statements or reports that are:  
 36 (i) prepared in accordance with GAAP; and  
 37 (ii) certified by an officer of the applicant;  
 38 for any completed fiscal years and for any month during the  
 39 current fiscal year for which financial statements or reports  
 40 have been completed.  
 41 If an audited financial statement or report required under clause  
 42 (A) or (B) is prepared on a consolidated basis, the statement or



1 report must include a columnar consolidating or combining  
 2 worksheet that includes the amounts shown on the consolidated  
 3 audited financial statement or report, separately reported on the  
 4 worksheet for each entity included on the statement or report, and  
 5 an explanation of consolidating and eliminating entries.

6 (5) Information determined by the commissioner to be necessary  
 7 for a review of the current financial condition of the applicant.

8 (6) A description of the business plan of the applicant, including:

9 (A) information on staffing levels and activities proposed in  
 10 Indiana and nationwide; and

11 (B) details concerning the applicant's ability to provide a  
 12 sufficient number of experienced and qualified personnel for:

13 (i) claims processing;

14 (ii) record keeping; and

15 (iii) underwriting.

16 (7) Any other information required by the commissioner.

17 (c) An administrator that applies for licensure under this section  
 18 shall make copies of written agreements with insurers available for  
 19 inspection by the commissioner.

20 (d) An administrator that applies for licensure under this section  
 21 shall:

22 (1) produce the administrator's accounts, records, and files for  
 23 examination; and

24 (2) make the administrator's officers available to provide  
 25 information concerning the affairs of the administrator;

26 whenever reasonably required by the commissioner.

27 (e) The commissioner may refuse to issue a license under this  
 28 section if the commissioner determines that:

29 (1) the administrator or an individual who is responsible for the  
 30 conduct of the affairs of the administrator:

31 (A) is not:

32 (i) competent;

33 (ii) trustworthy;

34 (iii) financially responsible; or

35 (iv) of good personal and business reputation; or

36 (B) has had an:

37 (i) insurance certificate of authority or insurance license; or

38 (ii) administrator certificate of authority or administrator  
 39 license;

40 denied or revoked for cause by any jurisdiction;

41 (2) the financial information provided under subsection (b)(4)  
 42 does not reflect that the applicant has a positive net worth; or



1 (3) any of the grounds set forth in section 12.4 of this chapter  
 2 exists with respect to the administrator.  
 3 (f) An administrator that applies for a license under this section  
 4 shall immediately notify the commissioner of a material change in:  
 5 (1) the ownership or control of the administrator; or  
 6 (2) another fact or circumstance that affects the administrator's  
 7 qualification for a license.  
 8 The commissioner, upon receiving notice under this subsection, shall  
 9 report the change to ~~an electronic data base maintained by the NAIC or~~  
 10 ~~an affiliate or a subsidiary of the NAIC; the centralized insurance~~  
 11 **producer license registry described in IC 27-1-15.6-7.**  
 12 (g) An administrator that applies for a license under this section and  
 13 will administer a governmental plan or a church plan shall obtain a  
 14 bond as required under section 4(g) of this chapter.  
 15 (h) A license that is issued under this section is valid:  
 16 (1) for one (1) year after the date of issuance, unless subdivision  
 17 (2) applies; or  
 18 (2) until:  
 19 (A) the license is:  
 20 (i) surrendered; or  
 21 (ii) suspended or revoked by the commissioner; or  
 22 (B) the administrator:  
 23 (i) ceases to do business in Indiana; or  
 24 (ii) is not in compliance with this chapter.  
 25 SECTION 49. IC 27-1-25-12.2, AS AMENDED BY P.L.11-2011,  
 26 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 27 JULY 1, 2018]: Sec. 12.2. (a) An administrator that:  
 28 (1) performs the duties of an administrator in Indiana; and  
 29 (2) does not hold a license issued under section 11.1 of this  
 30 chapter;  
 31 shall obtain a nonresident administrator license under this section by  
 32 filing a uniform application **for third party administrator license,**  
 33 accompanied by an application fee in an amount determined by the  
 34 commissioner, with the commissioner. The commissioner shall deposit  
 35 a fee paid under this subsection into the department of insurance fund  
 36 established by IC 27-1-3-28.  
 37 (b) Unless the commissioner verifies the nonresident administrator's  
 38 home state license status through ~~an electronic data base maintained by~~  
 39 ~~the NAIC or by an affiliate or a subsidiary of the NAIC; the~~  
 40 **centralized insurance producer license registry described in**  
 41 **IC 27-1-15.6-7,** a uniform application **for third party administrator**  
 42 **license** filed under subsection (a) must be accompanied by a letter of



1 certification from the nonresident administrator's home state, verifying  
 2 that the nonresident administrator holds a resident administrator license  
 3 in the home state.

4 (c) A nonresident administrator is not eligible for a nonresident  
 5 administrator license under this section unless the nonresident  
 6 administrator is licensed as a resident administrator in a home state that  
 7 has a law or regulation that is substantially similar to this chapter.

8 (d) Except as provided in subsections (b) and (h), the commissioner  
 9 shall issue a nonresident administrator license to a nonresident  
 10 administrator that makes a filing under subsections (a) and (b) upon  
 11 receipt of the filing.

12 (e) Unless a nonresident administrator is notified by the  
 13 commissioner that the commissioner is able to verify the nonresident  
 14 administrator's home state licensure through an electronic data base  
 15 described in subsection (b), the nonresident administrator shall:

16 (1) on September 15 of each year, file a renewal application and  
 17 a statement with the commissioner affirming that the nonresident  
 18 administrator maintains a current license in the nonresident  
 19 administrator's home state; and

20 (2) pay to the commissioner a filing fee in an amount determined  
 21 by the commissioner.

22 The commissioner shall deposit a filing fee paid under subdivision (2)  
 23 into the department of insurance fund established by IC 27-1-3-28.

24 (f) A nonresident administrator that applies for licensure under this  
 25 section shall:

26 (1) produce the accounts of the nonresident administrator;

27 (2) produce the records and files of the nonresident administrator  
 28 for examination; and

29 (3) make the officers of the nonresident administrator available to  
 30 provide information with respect to the affairs of the nonresident  
 31 administrator;

32 when reasonably required by the commissioner.

33 (g) A nonresident administrator is not required to hold a nonresident  
 34 administrator license in Indiana if the nonresident administrator's  
 35 function in Indiana is limited to the administration of life, health, or  
 36 annuity coverage for a total of not more than one hundred (100) Indiana  
 37 residents.

38 (h) The commissioner may refuse to issue or may delay the issuance  
 39 of a nonresident administrator license if the commissioner determines  
 40 that:

41 (1) due to events occurring; or

42 (2) based on information obtained;





1 after the nonresident administrator's home state's licensure of the  
 2 nonresident administrator, the nonresident administrator is unable to  
 3 comply with this chapter or grounds exist for the home state's  
 4 revocation or suspension of the nonresident administrator's home state  
 5 license.

6 (i) If the commissioner makes a determination described in  
 7 subsection (h), the commissioner:

8 (1) shall provide written notice of the determination to the  
 9 insurance regulator of the nonresident administrator's home state;  
 10 and

11 (2) may delay the issuance of a nonresident administrator license  
 12 to the nonresident administrator until the commissioner  
 13 determines that the nonresident administrator is able to comply  
 14 with this chapter and that grounds do not exist for the home state's  
 15 revocation or suspension of the nonresident administrator's home  
 16 state license.

17 SECTION 50. IC 27-1-25-12.3, AS AMENDED BY P.L.11-2011,  
 18 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 19 JULY 1, 2018]: Sec. 12.3. (a) An administrator that is licensed under  
 20 section 11.1 of this chapter shall, not later than July 1 of each year  
 21 unless the commissioner grants an extension of time for good cause,  
 22 file a report for the previous calendar year that complies with the  
 23 following:

24 (1) The report must contain financial information reflecting a  
 25 positive net worth prepared in accordance with section 11.1(b)(4)  
 26 of this chapter.

27 (2) The report must be in the form and contain matters prescribed  
 28 by the commissioner.

29 (3) The report must be verified by at least two (2) officers of the  
 30 administrator.

31 (4) The report must include the complete names and addresses of  
 32 insurers with which the administrator had a written agreement  
 33 during the preceding fiscal year.

34 (5) The report must be accompanied by a filing fee in an amount  
 35 determined by the commissioner.

36 The commissioner shall collect a filing fee paid under subdivision (5)  
 37 and deposit the fee into the department of insurance fund established  
 38 by IC 27-1-3-28.

39 (b) The commissioner shall review a report filed under subsection  
 40 (a) not later than September 1 of the year in which the report is filed.  
 41 Upon completion of the review, the commissioner shall:

42 (1) issue a certification to the administrator:



- 1 (A) indicating that:  
 2 (i) the financial statement reflects a positive net worth; and  
 3 (ii) the administrator is currently licensed and in good  
 4 standing; or  
 5 (B) noting deficiencies found in the report; or  
 6 (2) update an ~~electronic data base that is maintained by the NAIC~~  
 7 ~~or by an affiliate or a subsidiary of the NAIC: the centralized~~  
 8 **insurance producer license registry described in**  
 9 **IC 27-1-15.6-7:**  
 10 (A) indicating that the administrator is solvent and in  
 11 compliance with this chapter; or  
 12 (B) noting deficiencies found in the report.  
 13 SECTION 51. IC 27-1-28-8 IS REPEALED [EFFECTIVE JULY 1,  
 14 2018]. ~~Sec. 8: As used in this chapter, "uniform individual application"~~  
 15 ~~means the NAIC uniform individual application for resident and~~  
 16 ~~nonresident individuals.~~  
 17 SECTION 52. IC 27-1-28-9 IS REPEALED [EFFECTIVE JULY 1,  
 18 2018]. ~~Sec. 9: As used in this chapter, "uniform business entity~~  
 19 ~~application" means the NAIC uniform business entity application for~~  
 20 ~~resident and nonresident business entities.~~  
 21 SECTION 53. IC 27-1-28-12, AS ADDED BY P.L.11-2011,  
 22 SECTION 22, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 23 JULY 1, 2018]: Sec. 12. (a) An individual may apply for a resident  
 24 independent adjuster license by submitting:  
 25 (1) a ~~uniform individual application~~ **Uniform Application for**  
 26 **Individual Adjusters** to the commissioner with a declaration,  
 27 under penalty of suspension, revocation, or refusal of licensure,  
 28 that the statements made in the application are true and complete  
 29 to the best of the individual's knowledge; and  
 30 (2) an application fee of forty dollars (\$40).  
 31 (b) The commissioner shall approve an application submitted under  
 32 subsection (a) upon finding all of the following:  
 33 (1) The individual is at least eighteen (18) years of age.  
 34 (2) The individual is eligible to designate Indiana as the  
 35 individual's home state.  
 36 (3) The individual is determined by the commissioner to be  
 37 trustworthy, reliable, and of good reputation.  
 38 (4) The individual has not committed an act that is grounds for  
 39 probation, suspension, revocation, or refusal of licensure under  
 40 section 18 of this chapter.  
 41 (5) The individual has completed a prelicensing course of study  
 42 for the line of authority in which the individual has applied for



1           licensing under this section.

2           (6) The individual has successfully passed the written  
3           examination administered under section 15 of this chapter for the  
4           line of authority in which the individual has applied for licensing  
5           under this section.

6           (c) The commissioner may require any documents reasonably  
7           necessary to verify the information contained in the application.

8           SECTION 54. IC 27-1-28-13, AS AMENDED BY P.L.148-2017,  
9           SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10          JULY 1, 2018]: Sec. 13. (a) A business entity may apply for a resident  
11          independent adjuster license by submitting:

12          (1) a ~~uniform business entity application~~ **Uniform Application**  
13          **for Business Entity Adjusters** to the commissioner with a  
14          declaration, under penalty of suspension, revocation, or refusal of  
15          licensure, that the statements made in the application are true and  
16          complete to the best knowledge of the individual submitting the  
17          application on behalf of the business entity;

18          (2) an application fee of forty dollars (\$40); and

19          (3) the name, address, and criminal and administrative history of  
20          each of the following:

21                (A) An owner that has at least ten percent (10%) interest or  
22                voting interest in the business entity.

23                (B) A partner of the business entity.

24                (C) An executive officer of the business entity.

25                (D) A director of the business entity.

26          (b) The commissioner shall approve an application submitted by a  
27          business entity under subsection (a) upon finding all of the following:

28                (1) The business entity is eligible to designate Indiana as the  
29                business entity's home state.

30                (2) The business entity has designated an individual independent  
31                adjuster licensed under this chapter to be responsible for the  
32                business entity's compliance with Indiana insurance law.

33                (3) The business entity has not committed any act that is grounds  
34                for probation, suspension, revocation, or refusal of an independent  
35                adjuster license under section 18 of this chapter.

36          (c) The commissioner may require a business entity applying under  
37          this section to produce any documents reasonably necessary to verify  
38          the information contained in the application.

39          SECTION 55. IC 27-1-35-2 IS AMENDED TO READ AS  
40          FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. As used in this  
41          chapter, "accredited state" means a state in which the insurance  
42          department or regulatory agency has qualified as meeting the minimum



1 financial regulatory standards promulgated and established ~~periodically~~  
 2 by the ~~National Association of Insurance Commissioners (NAIC):~~  
 3 ~~NAIC.~~

4 SECTION 56. IC 27-1-36-4 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4. As used in this  
 6 chapter, the "authorized control level RBC" means, with respect to an  
 7 insurer, the number determined under the risk-based capital formula in  
 8 accordance with the RBC ~~instructions:~~ **Instructions.**

9 SECTION 57. IC 27-1-36-9.3, AS ADDED BY P.L.276-2013,  
 10 SECTION 20, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11 JULY 1, 2018]: Sec. 9.3. As used in this chapter, "health insurer"  
 12 means the following:

- 13 (1) A health maintenance organization.
- 14 (2) A limited service health maintenance organization.
- 15 (3) An insurer that makes one (1) or more of the types of
- 16 insurance described in Class 1(b) or Class 2(a) of IC 27-1-5-1.
- 17 (4) An insurer that files a health ~~blank Annual Statement~~ **Blank**
- 18 in accordance with the ~~NAIC applicable~~ **Blank** Annual Statement
- 19 **Instructions.**

20 SECTION 58. IC 27-1-36-17 IS REPEALED [EFFECTIVE JULY  
 21 1, 2018]. ~~Sec. 17. As used in this chapter, "RBC instructions" means~~  
 22 ~~the RBC report including risk based capital instructions adopted by the~~  
 23 ~~NAIC; as amended by the NAIC:~~

24 SECTION 59. IC 27-1-36-24 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 24. As used in this  
 26 chapter, "total adjusted capital" means the sum of:

- 27 (1) an insurer's statutory capital and surplus determined in
- 28 accordance with the statutory accounting **principles and**
- 29 **practices that are** applicable to the annual financial statements
- 30 required to be filed under IC 27-1-3.5; and
- 31 (2) other items, if any, that the RBC ~~instructions~~ **Instructions**
- 32 may provide.

33 SECTION 60. IC 27-1-36-25 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 25. (a) A domestic  
 35 insurer shall prepare a report of the RBC levels of the insurer as of the  
 36 last day of the calendar year most recently ended. The report must:

- 37 (1) be in the form; and
- 38 (2) contain the information;

39 required by the RBC ~~instructions:~~ **Instructions.**

40 (b) On or before March 1 of each year, a domestic insurer shall file  
 41 the RBC report described in subsection (a) with:

- 42 (1) the commissioner;



1 (2) the NAIC, in accordance with the RBC ~~instructions~~;  
 2 **Instructions**; and

3 (3) the insurance commissioner in any state other than Indiana in  
 4 which the insurer is authorized to do business, if the insurance  
 5 commissioner has notified the insurer in writing of the  
 6 commissioner's request for the insurer's RBC report.

7 An insurer is not required to pay a fee when filing an RBC report under  
 8 this subsection.

9 (c) If an insurer is required under subsection (b)(3) to file its RBC  
 10 report with the insurance commissioner of a state other than Indiana,  
 11 the insurer shall file the RBC report with the insurance commissioner  
 12 of that state not later than:

13 (1) fifteen (15) days after the insurer receives the notice; or

14 (2) March 1 of the calendar year in which the insurer receives the  
 15 notice;

16 whichever occurs later.

17 SECTION 61. IC 27-2-6-1 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. Any life insurance,  
 19 fire insurance, livestock insurance, casualty or accident insurance, or  
 20 bonding or surety company, or trust company or savings bank now or  
 21 hereafter organized under the laws of the state of Indiana, in addition  
 22 to the investments now authorized by law, be and it hereby is  
 23 authorized and empowered to invest its funds in obligations issued by  
 24 or for federal land banks, federal intermediate credit banks and banks  
 25 for cooperatives under the Farm Credit Act of 1971 (12 U.S.C. 2001 et  
 26 seq.) ~~As amended~~ and such obligations are hereby declared eligible for  
 27 any deposit required of any such company under the laws of this state.

28 SECTION 62. IC 27-2-8-1 IS AMENDED TO READ AS  
 29 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. The insurance  
 30 commissioner shall annually forward to all departments and divisions  
 31 of the state requiring the posting of security because of motor vehicle  
 32 accidents and resultant damage and loss a list of those insurers which  
 33 are, or which are agreeable to be, examined by the insurance  
 34 department in the same manner as set out in IC 27-1-3-7 and  
 35 IC 27-1-3.1, and set up and maintain liabilities and reserves in the same  
 36 manner as set out in IC 27-1-13-8, and submit a written statement of  
 37 their financial condition and their operations on the forms as prescribed  
 38 by the ~~National Association of Insurance Commissioners NAIC and~~  
 39 **adopted in rules adopted under IC 4-22-2 by the insurance**  
 40 **commissioner**, and in the same manner as set out in IC 27-1-3-7 and  
 41 IC 27-1-20-21. No certificates or policies shall be accepted by such  
 42 departments or divisions as such security unless the insurer so filing the



1 certificate or policy shall have met or is agreeable to meeting the  
 2 requirements as set out above.

3 SECTION 63. IC 27-2-10-7 IS AMENDED TO READ AS  
 4 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 7. The provisions of  
 5 sections 1, 2, and 3 of this chapter shall not apply to transactions in  
 6 equity securities of a domestic stock insurance company if:

7 (a) such securities shall be registered, or shall be required to be  
 8 registered, pursuant to section 12 of the Securities Exchange Act  
 9 of 1934 (~~15 U.S.C. 781~~), as amended; **(15 U.S.C. 781)**; or

10 (b) such domestic stock insurance company shall not have any  
 11 class of its equity securities held of record by one hundred (100)  
 12 or more persons on the last business day of the year next  
 13 preceding the year in which equity securities of the company  
 14 would be subject to the provisions of sections 1, 2, and 3 of this  
 15 chapter except for the provisions of this subdivision.

16 SECTION 64. IC 27-4-1-4, AS AMENDED BY P.L.227-2015,  
 17 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 18 JULY 1, 2018]: Sec. 4. (a) The following are hereby defined as unfair  
 19 methods of competition and unfair and deceptive acts and practices in  
 20 the business of insurance:

21 (1) Making, issuing, circulating, or causing to be made, issued, or  
 22 circulated, any estimate, illustration, circular, or statement:

23 (A) misrepresenting the terms of any policy issued or to be  
 24 issued or the benefits or advantages promised thereby or the  
 25 dividends or share of the surplus to be received thereon;

26 (B) making any false or misleading statement as to the  
 27 dividends or share of surplus previously paid on similar  
 28 policies;

29 (C) making any misleading representation or any  
 30 misrepresentation as to the financial condition of any insurer,  
 31 or as to the legal reserve system upon which any life insurer  
 32 operates;

33 (D) using any name or title of any policy or class of policies  
 34 misrepresenting the true nature thereof; or

35 (E) making any misrepresentation to any policyholder insured  
 36 in any company for the purpose of inducing or tending to  
 37 induce such policyholder to lapse, forfeit, or surrender the  
 38 policyholder's insurance.

39 (2) Making, publishing, disseminating, circulating, or placing  
 40 before the public, or causing, directly or indirectly, to be made,  
 41 published, disseminated, circulated, or placed before the public,  
 42 in a newspaper, magazine, or other publication, or in the form of



- 1 a notice, circular, pamphlet, letter, or poster, or over any radio or  
 2 television station, or in any other way, an advertisement,  
 3 announcement, or statement containing any assertion,  
 4 representation, or statement with respect to any person in the  
 5 conduct of the person's insurance business, which is untrue,  
 6 deceptive, or misleading.
- 7 (3) Making, publishing, disseminating, or circulating, directly or  
 8 indirectly, or aiding, abetting, or encouraging the making,  
 9 publishing, disseminating, or circulating of any oral or written  
 10 statement or any pamphlet, circular, article, or literature which is  
 11 false, or maliciously critical of or derogatory to the financial  
 12 condition of an insurer, and which is calculated to injure any  
 13 person engaged in the business of insurance.
- 14 (4) Entering into any agreement to commit, or individually or by  
 15 a concerted action committing any act of boycott, coercion, or  
 16 intimidation resulting or tending to result in unreasonable  
 17 restraint of, or a monopoly in, the business of insurance.
- 18 (5) Filing with any supervisory or other public official, or making,  
 19 publishing, disseminating, circulating, or delivering to any person,  
 20 or placing before the public, or causing directly or indirectly, to  
 21 be made, published, disseminated, circulated, delivered to any  
 22 person, or placed before the public, any false statement of  
 23 financial condition of an insurer with intent to deceive. Making  
 24 any false entry in any book, report, or statement of any insurer  
 25 with intent to deceive any agent or examiner lawfully appointed  
 26 to examine into its condition or into any of its affairs, or any  
 27 public official to which such insurer is required by law to report,  
 28 or which has authority by law to examine into its condition or into  
 29 any of its affairs, or, with like intent, willfully omitting to make a  
 30 true entry of any material fact pertaining to the business of such  
 31 insurer in any book, report, or statement of such insurer.
- 32 (6) Issuing or delivering or permitting agents, officers, or  
 33 employees to issue or deliver, agency company stock or other  
 34 capital stock, or benefit certificates or shares in any common law  
 35 corporation, or securities or any special or advisory board  
 36 contracts or other contracts of any kind promising returns and  
 37 profits as an inducement to insurance.
- 38 (7) Making or permitting any of the following:
- 39 (A) Unfair discrimination between individuals of the same  
 40 class and equal expectation of life in the rates or assessments  
 41 charged for any contract of life insurance or of life annuity or  
 42 in the dividends or other benefits payable thereon, or in any



1 other of the terms and conditions of such contract. However,  
 2 in determining the class, consideration may be given to the  
 3 nature of the risk, plan of insurance, the actual or expected  
 4 expense of conducting the business, or any other relevant  
 5 factor.

6 (B) Unfair discrimination between individuals of the same  
 7 class involving essentially the same hazards in the amount of  
 8 premium, policy fees, assessments, or rates charged or made  
 9 for any policy or contract of accident or health insurance or in  
 10 the benefits payable thereunder, or in any of the terms or  
 11 conditions of such contract, or in any other manner whatever.  
 12 However, in determining the class, consideration may be given  
 13 to the nature of the risk, the plan of insurance, the actual or  
 14 expected expense of conducting the business, or any other  
 15 relevant factor.

16 (C) Excessive or inadequate charges for premiums, policy  
 17 fees, assessments, or rates, or making or permitting any unfair  
 18 discrimination between persons of the same class involving  
 19 essentially the same hazards, in the amount of premiums,  
 20 policy fees, assessments, or rates charged or made for:

21 (i) policies or contracts of reinsurance or joint reinsurance,  
 22 or abstract and title insurance;

23 (ii) policies or contracts of insurance against loss or damage  
 24 to aircraft, or against liability arising out of the ownership,  
 25 maintenance, or use of any aircraft, or of vessels or craft,  
 26 their cargoes, marine builders' risks, marine protection and  
 27 indemnity, or other risks commonly insured under marine,  
 28 as distinguished from inland marine, insurance; or

29 (iii) policies or contracts of any other kind or kinds of  
 30 insurance whatsoever.

31 However, nothing contained in clause (C) shall be construed to  
 32 apply to any of the kinds of insurance referred to in clauses (A)  
 33 and (B) nor to reinsurance in relation to such kinds of insurance.  
 34 Nothing in clause (A), (B), or (C) shall be construed as making or  
 35 permitting any excessive, inadequate, or unfairly discriminatory  
 36 charge or rate or any charge or rate determined by the department  
 37 or commissioner to meet the requirements of any other insurance  
 38 rate regulatory law of this state.

39 (8) Except as otherwise expressly provided by law, knowingly  
 40 permitting or offering to make or making any contract or policy  
 41 of insurance of any kind or kinds whatsoever, including but not in  
 42 limitation, life annuities, or agreement as to such contract or





1 policy other than as plainly expressed in such contract or policy  
 2 issued thereon, or paying or allowing, or giving or offering to pay,  
 3 allow, or give, directly or indirectly, as inducement to such  
 4 insurance, or annuity, any rebate of premiums payable on the  
 5 contract, or any special favor or advantage in the dividends,  
 6 savings, or other benefits thereon, or any valuable consideration  
 7 or inducement whatever not specified in the contract or policy; or  
 8 giving, or selling, or purchasing or offering to give, sell, or  
 9 purchase as inducement to such insurance or annuity or in  
 10 connection therewith, any stocks, bonds, or other securities of any  
 11 insurance company or other corporation, association, limited  
 12 liability company, or partnership, or any dividends, savings, or  
 13 profits accrued thereon, or anything of value whatsoever not  
 14 specified in the contract. Nothing in this subdivision and  
 15 subdivision (7) shall be construed as including within the  
 16 definition of discrimination or rebates any of the following  
 17 practices:

18 (A) Paying bonuses to policyholders or otherwise abating their  
 19 premiums in whole or in part out of surplus accumulated from  
 20 nonparticipating insurance, so long as any such bonuses or  
 21 abatement of premiums are fair and equitable to policyholders  
 22 and for the best interests of the company and its policyholders.

23 (B) In the case of life insurance policies issued on the  
 24 industrial debit plan, making allowance to policyholders who  
 25 have continuously for a specified period made premium  
 26 payments directly to an office of the insurer in an amount  
 27 which fairly represents the saving in collection expense.

28 (C) Readjustment of the rate of premium for a group insurance  
 29 policy based on the loss or expense experience thereunder, at  
 30 the end of the first year or of any subsequent year of insurance  
 31 thereunder, which may be made retroactive only for such  
 32 policy year.

33 (D) Paying by an insurer or insurance producer thereof duly  
 34 licensed as such under the laws of this state of money,  
 35 commission, or brokerage, or giving or allowing by an insurer  
 36 or such licensed insurance producer thereof anything of value,  
 37 for or on account of the solicitation or negotiation of policies  
 38 or other contracts of any kind or kinds, to a broker, an  
 39 insurance producer, or a solicitor duly licensed under the laws  
 40 of this state, but such broker, insurance producer, or solicitor  
 41 receiving such consideration shall not pay, give, or allow  
 42 credit for such consideration as received in whole or in part,



- 1 directly or indirectly, to the insured by way of rebate.
- 2 (9) Requiring, as a condition precedent to loaning money upon the  
3 security of a mortgage upon real property, that the owner of the  
4 property to whom the money is to be loaned negotiate any policy  
5 of insurance covering such real property through a particular  
6 insurance producer or broker or brokers. However, this  
7 subdivision shall not prevent the exercise by any lender of the  
8 lender's right to approve or disapprove of the insurance company  
9 selected by the borrower to underwrite the insurance.
- 10 (10) Entering into any contract, combination in the form of a trust  
11 or otherwise, or conspiracy in restraint of commerce in the  
12 business of insurance.
- 13 (11) Monopolizing or attempting to monopolize or combining or  
14 conspiring with any other person or persons to monopolize any  
15 part of commerce in the business of insurance. However,  
16 participation as a member, director, or officer in the activities of  
17 any nonprofit organization of insurance producers or other  
18 workers in the insurance business shall not be interpreted, in  
19 itself, to constitute a combination in restraint of trade or as  
20 combining to create a monopoly as provided in this subdivision  
21 and subdivision (10). The enumeration in this chapter of specific  
22 unfair methods of competition and unfair or deceptive acts and  
23 practices in the business of insurance is not exclusive or  
24 restrictive or intended to limit the powers of the commissioner or  
25 department or of any court of review under section 8 of this  
26 chapter.
- 27 (12) Requiring as a condition precedent to the sale of real or  
28 personal property under any contract of sale, conditional sales  
29 contract, or other similar instrument or upon the security of a  
30 chattel mortgage, that the buyer of such property negotiate any  
31 policy of insurance covering such property through a particular  
32 insurance company, insurance producer, or broker or brokers.  
33 However, this subdivision shall not prevent the exercise by any  
34 seller of such property or the one making a loan thereon of the  
35 right to approve or disapprove of the insurance company selected  
36 by the buyer to underwrite the insurance.
- 37 (13) Issuing, offering, or participating in a plan to issue or offer,  
38 any policy or certificate of insurance of any kind or character as  
39 an inducement to the purchase of any property, real, personal, or  
40 mixed, or services of any kind, where a charge to the insured is  
41 not made for and on account of such policy or certificate of  
42 insurance. However, this subdivision shall not apply to any of the



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- following:
- (A) Insurance issued to credit unions or members of credit unions in connection with the purchase of shares in such credit unions.
  - (B) Insurance employed as a means of guaranteeing the performance of goods and designed to benefit the purchasers or users of such goods.
  - (C) Title insurance.
  - (D) Insurance written in connection with an indebtedness and intended as a means of repaying such indebtedness in the event of the death or disability of the insured.
  - (E) Insurance provided by or through motorists service clubs or associations.
  - (F) Insurance that is provided to the purchaser or holder of an air transportation ticket and that:
    - (i) insures against death or nonfatal injury that occurs during the flight to which the ticket relates;
    - (ii) insures against personal injury or property damage that occurs during travel to or from the airport in a common carrier immediately before or after the flight;
    - (iii) insures against baggage loss during the flight to which the ticket relates; or
    - (iv) insures against a flight cancellation to which the ticket relates.
- (14) Refusing, because of the for-profit status of a hospital or medical facility, to make payments otherwise required to be made under a contract or policy of insurance for charges incurred by an insured in such a for-profit hospital or other for-profit medical facility licensed by the state department of health.
- (15) Refusing to insure an individual, refusing to continue to issue insurance to an individual, limiting the amount, extent, or kind of coverage available to an individual, or charging an individual a different rate for the same coverage, solely because of that individual's blindness or partial blindness, except where the refusal, limitation, or rate differential is based on sound actuarial principles or is related to actual or reasonably anticipated experience.
- (16) Committing or performing, with such frequency as to indicate a general practice, unfair claim settlement practices (as defined in section 4.5 of this chapter).
- (17) Between policy renewal dates, unilaterally canceling an individual's coverage under an individual or group health



- 1 insurance policy solely because of the individual's medical or  
 2 physical condition.
- 3 (18) Using a policy form or rider that would permit a cancellation  
 4 of coverage as described in subdivision (17).
- 5 (19) Violating IC 27-1-22-25, IC 27-1-22-26, or IC 27-1-22-26.1  
 6 concerning motor vehicle insurance rates.
- 7 (20) Violating IC 27-8-21-2 concerning advertisements referring  
 8 to interest rate guarantees.
- 9 (21) Violating IC 27-8-24.3 concerning insurance and health plan  
 10 coverage for victims of abuse.
- 11 (22) Violating IC 27-8-26 concerning genetic screening or testing.
- 12 (23) Violating IC 27-1-15.6-3(b) concerning licensure of  
 13 insurance producers.
- 14 (24) Violating IC 27-1-38 concerning depository institutions.
- 15 (25) Violating IC 27-8-28-17(c) or IC 27-13-10-8(c) concerning  
 16 the resolution of an appealed grievance decision.
- 17 (26) Violating IC 27-8-5-2.5(e) through IC 27-8-5-2.5(j) (expired  
 18 July 1, 2007, and removed) or IC 27-8-5-19.2 (expired July 1,  
 19 2007, and repealed).
- 20 (27) Violating IC 27-2-21 concerning use of credit information.
- 21 (28) Violating IC 27-4-9-3 concerning recommendations to  
 22 consumers.
- 23 (29) Engaging in dishonest or predatory insurance practices in  
 24 marketing or sales of insurance to members of the United States  
 25 Armed Forces as:
- 26 (A) described in the federal Military Personnel Financial  
 27 Services Protection Act, P.L.109-290; or
- 28 (B) defined in rules adopted under subsection (b).
- 29 (30) Violating IC 27-8-19.8-20.1 concerning stranger originated  
 30 life insurance.
- 31 (31) Violating IC 27-2-22 concerning retained asset accounts.
- 32 (32) Violating IC 27-8-5-29 concerning health plans offered  
 33 through a health benefit exchange (as defined in IC 27-19-2-8).
- 34 (33) Violating a requirement of the federal Patient Protection and  
 35 Affordable Care Act (P.L. 111-148), as amended by the federal  
 36 Health Care and Education Reconciliation Act of 2010 (P.L.  
 37 111-152), that is enforceable by the state.
- 38 (34) After June 30, 2015, violating IC 27-2-23 concerning  
 39 unclaimed life insurance, annuity, or retained asset account  
 40 benefits.
- 41 (35) Willfully violating IC 27-1-12-46 concerning a life insurance  
 42 policy or certificate described in IC 27-1-12-46(a).



1 (b) Except with respect to federal insurance programs under  
 2 Subchapter III of Chapter 19 of Title 38 of the United States Code, the  
 3 commissioner may, consistent with the federal Military Personnel  
 4 Financial Services Protection Act (~~P.L. 109-290~~), **(10 U.S.C. 992 note)**,  
 5 adopt rules under IC 4-22-2 to:

6 (1) define; and

7 (2) while the members are on a United States military installation  
 8 or elsewhere in Indiana, protect members of the United States  
 9 Armed Forces from;

10 dishonest or predatory insurance practices.

11 SECTION 65. IC 27-4-5-1 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. The purpose of this  
 13 chapter is to subject certain insurers to the jurisdiction of the insurance  
 14 commissioner and the courts of this state in suits by or on behalf of the  
 15 state. The general assembly declares that it is concerned with the  
 16 protection of residents of this state against acts by insurers not  
 17 authorized to do an insurance business in this state, by the maintenance  
 18 of fair and honest insurance markets, by protecting authorized insurers  
 19 which are subject to regulation from unfair competition by  
 20 unauthorized insurers, and by protecting against the evasion of the  
 21 insurance regulatory laws of this state. In furtherance of such state  
 22 interest, the general assembly provides methods in this chapter for  
 23 substituted service of process upon such insurers in any proceeding,  
 24 suit, or action in any court and substituted service of any notice, order,  
 25 pleading, or process upon such insurers in any proceeding by the  
 26 commissioner of insurance to enforce or effect full compliance with  
 27 this title. In so doing, the state exercises its powers to protect residents  
 28 of this state and to define what constitutes transacting an insurance  
 29 business in this state, and also exercises powers and privileges  
 30 available to this state by virtue of 15 U.S.C. 1011 through 1015, ~~as~~  
 31 ~~amended~~, which declares that the business of insurance and every  
 32 person engaged therein shall be subject to the laws of the several states.

33 SECTION 66. IC 27-6-8-12 IS AMENDED TO READ AS  
 34 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 12. To aid in the  
 35 detection and prevention of insurer insolvencies:

36 (1) Every member insurer shall file with the ~~National Association~~  
 37 ~~of Insurance Commissioners~~ **NAIC** for use in their Early Warning  
 38 System on or before March 1 of each year a financial statement of  
 39 the same type and content as required by IC 27-1-20-21.

40 (2) It shall be the duty of the commissioner:

41 (A) To notify the commissioners of all of the other states,  
 42 territories of the United States, and the District of Columbia in



1 which a member insurer is licensed to do business when he  
 2 takes any of the following actions against a member insurer:

3 (i) revocation of license;

4 (ii) suspension of license;

5 (iii) makes any formal order that such company restrict its  
 6 premium writing, obtain additional contributions to surplus,  
 7 withdraw from the state, reinsure all or any part of its  
 8 business, or an increase in capital, surplus, or any other  
 9 account for the security of policyholders or creditors. Such  
 10 notice shall be mailed to all commissioners within thirty  
 11 (30) days following the action taken or the date on which  
 12 such action occurs.

13 (B) To report to the board of directors when he has taken any  
 14 of the actions set forth in (A) of this paragraph or has received  
 15 a report from any other commissioner indicating that any such  
 16 action has been taken in another state. Such report to the board  
 17 of directors shall contain all significant details of the action  
 18 taken or the report received from another commissioner.

19 (C) To report to the board of directors when he has reasonable  
 20 cause to believe from any examination, whether completed or  
 21 in process, of any member company, that such company may  
 22 be insolvent or in a financial condition hazardous to the  
 23 policyholders or the public.

24 (3) The commissioner may seek the advice and recommendations  
 25 of the board of directors concerning any matter affecting his  
 26 duties and responsibilities regarding the financial condition of  
 27 member companies and companies seeking admission to transact  
 28 insurance business in this state.

29 (4) The board of directors may, upon majority vote, make reports  
 30 and recommendations to the commissioner upon any matter  
 31 germane to the solvency, liquidation, rehabilitation, or  
 32 conservation of any member insurer or germane to the solvency  
 33 of any company seeking to do an insurance business in this state.  
 34 Such reports and recommendations shall not be considered public  
 35 documents.

36 (5) The board of directors may, upon majority vote, request that  
 37 the commissioner order an examination of any member insurer  
 38 which the board in good faith believes may be in a financial  
 39 condition hazardous to the policyholders or the public. Within  
 40 thirty (30) days of the receipt of such request, the commissioner  
 41 shall begin such examination. The examination may be conducted  
 42 as a ~~National Association of Insurance Commissioners~~ NAIC



1 examination or may be conducted by such persons as the  
 2 commissioner designates provided such persons are qualified  
 3 insurance accountants or actuaries. The cost of such examination  
 4 shall be paid by the association and the examination report shall  
 5 be treated as are other examination reports. In no event shall such  
 6 examination report be released to the board of directors prior to  
 7 its release to the public, but this shall not preclude the  
 8 commissioner from complying with subsection (1). The  
 9 commissioner shall notify the board of directors when the  
 10 examination is completed. The request for an examination shall  
 11 be kept on file by the commissioner but it shall not be open to  
 12 public inspection prior to the release of the examination report to  
 13 the public.

14 (6) The board of directors may, upon majority vote, make  
 15 recommendations to the commissioner for the detection and  
 16 prevention of insurer insolvencies.

17 SECTION 67. IC 27-6-9-11 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 11. As used in this  
 19 chapter, "qualified United States financial institution" means an  
 20 institution that:

21 (1) is organized or (in the case of a United States office of a  
 22 foreign banking organization) licensed, under the laws of the  
 23 United States or any state;

24 (2) is regulated, supervised, and examined by United States  
 25 federal or state authorities having regulatory authority over banks  
 26 and trust companies; and

27 (3) has been determined by:  
 28 (A) the commissioner; or  
 29 (B) the Securities Valuation Office of the ~~National Association~~  
 30 ~~of Insurance Commissioners~~; **NAIC**;

31 to meet such standards of financial condition and standing as are  
 32 considered necessary and appropriate to regulate the quality of  
 33 financial institutions whose letters of credit will be acceptable to  
 34 the commissioner.

35 SECTION 68. IC 27-6-10-5, AS AMENDED BY P.L.81-2012,  
 36 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2018]: Sec. 5. As used in section 14(c)(3) of this chapter,  
 38 "qualified United States financial institution" means an institution that:

39 (1) is organized, or in the case of a United States office of a  
 40 foreign banking organization licensed, under the laws of the  
 41 United States or any state thereof;

42 (2) is regulated, supervised, and examined by United States



1 federal or state authorities having regulatory authority over banks  
2 and trust companies; and

3 (3) has been determined by the commissioner or the Securities  
4 Valuation Office of the ~~National Association of Insurance~~  
5 ~~Commissioners~~ NAIC to meet the standards of financial  
6 condition and standing as are considered necessary and  
7 appropriate to regulate the quality of financial institutions whose  
8 letters of credit will be acceptable to the commissioner.

9 SECTION 69. IC 27-6-10-11, AS AMENDED BY P.L.81-2012,  
10 SECTION 28, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
11 JULY 1, 2018]: Sec. 11. (a) As provided in section 7 of this chapter  
12 and subject to section 13.3 of this chapter, credit for reinsurance shall  
13 be allowed a domestic ceding insurer when the reinsurance is ceded to  
14 an assuming insurer that maintains a trust fund in a qualified United  
15 States financial institution (as defined in section 6 of this chapter) for  
16 the payment of the valid claims of its United States ceding insurers,  
17 their assigns, and successors in interest, and the assuming insurer  
18 complies with section 12 of this chapter. In order for the commissioner  
19 to determine the sufficiency of the trust fund, the assuming insurer  
20 shall report annually to the commissioner substantially the same  
21 information as that required to be reported by licensed insurers on the  
22 ~~National Association of Insurance Commissioners' annual statement~~  
23 ~~form: Annual Statement Blank~~. The assuming insurer shall submit to  
24 the examination of the assuming insurer's books and records by the  
25 commissioner and shall bear the expense of the examination. A trust  
26 maintained under this section shall comply with the provisions of this  
27 section.

28 (b) The form of a trust described in subsection (a) and any  
29 amendments to the trust must:

30 (1) have been approved by:

31 (A) the commissioner of the state where the trust is domiciled;  
32 or

33 (B) the commissioner of another state who, under the terms of  
34 the trust instrument, has accepted principal regulatory  
35 oversight of the trust; and

36 (2) be filed with the commissioner of every state in which the  
37 ceding insurer beneficiaries of the trust are domiciled.

38 (c) The following requirements apply to the following categories of  
39 assuming insurer:

40 (1) In the case of a trust of a single assuming insurer, the  
41 following apply:

42 (A) The trust fund shall consist of funds in trust in an amount





- 1 not less than the assuming insurer's liabilities attributable to  
 2 reinsurance ceded by United States ceding insurers.
- 3 (B) Except as provided in clause (C), the assuming insurer  
 4 shall maintain a trustee surplus of not less than twenty  
 5 million dollars (\$20,000,000).
- 6 (C) After the assuming insurer has, for at least three (3) full  
 7 years, permanently discontinued underwriting new business  
 8 secured by the trust and the commissioner that has principal  
 9 regulatory oversight of the trust has performed a risk  
 10 assessment:
- 11 (i) that may involve an actuarial review, including an  
 12 independent analysis of reserves and cash flows; and
- 13 (ii) that considers all material risk factors, including the  
 14 lines of business involved, the stability of the incurred loss  
 15 estimates, and the effect of the surplus requirements  
 16 specified in clause (B) on the assuming insurer's liquidity or  
 17 solvency;
- 18 and determined that a surplus level that is less than the amount  
 19 required by clause (B) is adequate for the protection of United  
 20 States ceding insurers, policyholders, and claimants in light of  
 21 reasonably foreseeable adverse loss development, the  
 22 commissioner may authorize a reduction in the trustee  
 23 surplus amount required by clause (B). However, the amount  
 24 required by clause (B) may not be reduced to an amount less  
 25 than thirty percent (30%) of the assuming insurer's liabilities  
 26 that are attributable to reinsurance ceded by United States  
 27 ceding insurers covered by the trust.
- 28 (2) In the case of a group including incorporated and individual  
 29 unincorporated underwriters that is an assuming insurer, the  
 30 following apply:
- 31 (A) For reinsurance ceded under reinsurance agreements with  
 32 an inception, amendment, or renewal date after December 31,  
 33 1992, the trust shall consist of a trustee account in an amount  
 34 not less than the respective underwriters' several liabilities  
 35 attributable to business ceded by United States ceding insurers  
 36 to any underwriter of the group.
- 37 (B) Notwithstanding any other provision of this chapter, for  
 38 reinsurance ceded under reinsurance agreements with an  
 39 inception date before January 1, 1993, and not amended or  
 40 renewed after December 31, 1992, the trust shall consist of a  
 41 trustee account in an amount not less than the respective  
 42 underwriters' several insurance and reinsurance liabilities



1           attributable to business written in the United States.

2           (C) In addition to the trusts described in clauses (A) and (B),  
3           the group shall maintain in trust a trustee surplus of which  
4           one hundred million dollars (\$100,000,000) shall be held  
5           jointly for the benefit of United States ceding insurers of any  
6           member of the group for all years of account.

7           (D) The incorporated members of the group shall not be  
8           engaged in any business other than underwriting as a member  
9           of the group and shall be subject to the same level of  
10          regulation and solvency control by the group's domiciliary  
11          regulator as are the unincorporated members.

12         Not more than ninety (90) days after the group's financial  
13         statements are due to be filed with the group's domiciliary  
14         regulator, the group shall provide to the commissioner an annual  
15         certification by the group's domiciliary regulator of the solvency  
16         of each underwriter member. However, if a certification is  
17         unavailable, the group shall provide to the commissioner financial  
18         statements of each underwriter member of the group, prepared by  
19         independent public accountants.

20         (3) In the case of a group of incorporated underwriters under  
21         common administration that is an assuming insurer, the group:

22           (A) must have continuously transacted an insurance business  
23           outside the United States for at least three (3) years  
24           immediately before making application for accreditation;

25           (B) shall maintain an aggregate policyholders' surplus of at  
26           least ten billion dollars (\$10,000,000,000);

27           (C) shall maintain a trust fund in an amount not less than the  
28           group's several liabilities attributable to business ceded by  
29           United States ceding insurers to any member of the group  
30           under reinsurance contracts issued in the name of the group;

31           (D) shall maintain a joint trustee surplus of which one  
32           hundred million dollars (\$100,000,000) shall be held jointly  
33           for the benefit of United States ceding insurers of any member  
34           of the group as additional security for any such liabilities; and  
35           (E) shall, not more than ninety (90) days after the group's  
36           financial statements are due to be filed with the group's  
37           domiciliary regulator, make available to the commissioner:

38           (i) an annual certification of each underwriter member's  
39           solvency by the member's domiciliary regulator; and

40           (ii) financial statements of each underwriter member of the  
41           group prepared by the member's independent public  
42           accountant.



- 1 (d) The trust instrument of a trust shall provide that contested claims
- 2 are valid and enforceable upon the final order of any court with
- 3 jurisdiction in the United States.
- 4 (e) A trust shall vest legal title to the trust's assets in the trustees of
- 5 the trust for the benefit of the assuming insurer's United States ceding
- 6 insurers, their assigns, and successors in interest.
- 7 (f) A trust and the assuming insurer shall be subject to examination
- 8 as determined by the commissioner.
- 9 (g) A trust shall remain in effect for as long as the assuming insurer
- 10 has outstanding obligations due under the reinsurance agreements
- 11 subject to the trust.
- 12 (h) Not later than February 28 of each year the trustee of a trust
- 13 permitted under this section shall report in writing to the commissioner
- 14 the following information:
- 15 (1) The balance of the trust.
- 16 (2) A listing of the trust's investments at the preceding year end.
- 17 (3) A certification of the date of termination of the trust, if
- 18 applicable, or a certification that the trust shall not expire before
- 19 the following December 31.
- 20 (i) Credit may only be permitted under this section if an assuming
- 21 insurer also complies with section 12 of this chapter.
- 22 SECTION 70. IC 27-6-10-11.5, AS ADDED BY P.L.81-2012,
- 23 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 24 JULY 1, 2018]: Sec. 11.5. (a) As provided in section 7 of this chapter
- 25 and subject to section 13.3 of this chapter, credit for reinsurance shall
- 26 be allowed a domestic ceding insurer when the reinsurance is ceded to
- 27 an assuming insurer that:
- 28 (1) has been certified as a certified reinsurer by the commissioner
- 29 in Indiana; and
- 30 (2) secures the assuming insurer's obligations as required by this
- 31 section.
- 32 (b) An assuming insurer must do all of the following to be eligible
- 33 for certification under this section:
- 34 (1) Be domiciled and licensed to engage in insurance or
- 35 reinsurance business in a jurisdiction that has been determined
- 36 under subsection (d) or (e) by the commissioner to be a qualified
- 37 jurisdiction.
- 38 (2) Maintain minimum capital and surplus, or the equivalent, in
- 39 an amount determined by the commissioner in rules adopted
- 40 under IC 4-22-2.
- 41 (3) Maintain financial strength ratings from at least two (2) rating
- 42 agencies that the commissioner determines acceptable under rules



- 1 adopted under IC 4-22-2.
- 2 (4) Agree to submit to the jurisdiction of Indiana.
- 3 (5) Appoint the commissioner as the assuming insurer's agent for  
4 service of process in Indiana.
- 5 (6) Agree to provide security for one hundred percent (100%) of  
6 the assuming insurer's liabilities attributable to reinsurance ceded  
7 by United States ceding insurers if the assuming insurer resists  
8 enforcement of a final United States judgment.
- 9 (7) Agree to meet information filing requirements determined by  
10 the commissioner, at the time of application for certification and  
11 on an ongoing basis.
- 12 (8) Satisfy any other requirements specified by the commissioner.
- 13 (c) An association that includes incorporated and individual  
14 unincorporated underwriters may be certified under this section if all  
15 of the following requirements are met:
- 16 (1) The association must meet all of the requirements described  
17 in subsection (b).
- 18 (2) The association must satisfy the association's minimum capital  
19 and surplus requirements through the capital and surplus  
20 equivalents (net of liabilities) of the association and the  
21 association's members, including a joint central fund:
- 22 (A) that may be applied to any unsatisfied obligation of the  
23 association or any of the association's members; and
- 24 (B) in an amount determined by the commissioner to provide  
25 adequate protection.
- 26 (3) The incorporated members of the association:
- 27 (A) may not engage in any business other than underwriting as  
28 a member of the association; and
- 29 (B) are subject to the same level of regulation and solvency  
30 control by the association's domiciliary regulator as the level  
31 that applies to the unincorporated members of the association.
- 32 (4) Not more than ninety (90) days after the association's financial  
33 statements are due to be filed with the association's domiciliary  
34 regulator, the association must provide to the commissioner:
- 35 (A) an annual certification by the association's domiciliary  
36 regulator of the solvency; or
- 37 (B) if a certification is unavailable, financial statements  
38 prepared by the independent public accountant;  
39 of each underwriter member of the association.
- 40 (d) The commissioner shall create and publish a list of non-United  
41 States jurisdictions that the commissioner determines are qualified  
42 jurisdictions. The following requirements apply to the commissioner's



- 1 creation, publication, maintenance, and use of the list created and  
 2 published under this subsection:
- 3 (1) In determining whether a jurisdiction is a qualified  
 4 jurisdiction, the commissioner shall:
- 5 (A) initially and on an ongoing basis, evaluate the  
 6 appropriateness and effectiveness of the reinsurance  
 7 supervisory system of the jurisdiction;
- 8 (B) consider the rights, benefits, and extent of reciprocal  
 9 recognition afforded by the jurisdiction to reinsurers licensed  
 10 and domiciled in the United States;
- 11 (C) consider the list of qualified jurisdictions that is published  
 12 by the ~~National Association of Insurance Commissioners~~  
 13 **NAIC** committee process; and
- 14 (D) consider any other factors that the commissioner considers  
 15 necessary, including any of the following:
- 16 (i) The framework under which the assuming insurer is  
 17 regulated.
- 18 (ii) The structure and authority of the domiciliary regulator  
 19 with respect to solvency requirements and financial  
 20 surveillance.
- 21 (iii) The substance of financial and operating standards for  
 22 assuming insurers in the domiciliary jurisdiction.
- 23 (iv) The form and substance of financial reports required to  
 24 be filed or made public by reinsurers in the domiciliary  
 25 jurisdiction, and the accounting principals used.
- 26 (v) The domiciliary regulator's willingness to cooperate with  
 27 United States regulators and the commissioner.
- 28 (vi) The history of performance by assuming insurers in the  
 29 domiciliary jurisdiction.
- 30 (vii) Documented evidence of substantial problems in the  
 31 domiciliary jurisdiction with the enforcement of final United  
 32 States judgments.
- 33 (viii) Relevant international standards or guidance with  
 34 respect to mutual recognition of reinsurance supervision  
 35 adopted by the International Association of Insurance  
 36 Supervisors. ~~or a successor organization.~~
- 37 (2) A jurisdiction considered for qualification under this  
 38 subsection must:
- 39 (A) agree to share information and cooperate with the  
 40 commissioner with respect to all certified reinsurers that are  
 41 domiciled in the jurisdiction; and
- 42 (B) not have been determined by the commissioner not to have



- 1 adequately and promptly enforced final United States  
 2 judgments and arbitration awards;  
 3 to be determined to be a qualified jurisdiction.  
 4 (3) If the commissioner determines that a jurisdiction is qualified,  
 5 but the qualified jurisdiction does not appear on the ~~National~~  
 6 ~~Association of Insurance Commissioners~~ **NAIC** list described in  
 7 subdivision (1)(C), the commissioner must thoroughly document  
 8 the commissioner's justification for the determination in  
 9 accordance with criteria established by the commissioner in rules  
 10 adopted under IC 4-22-2.
- 11 (e) The commissioner:  
 12 (1) shall consider a United States jurisdiction that meets the  
 13 requirements for accreditation under the ~~National Association of~~  
 14 ~~Insurance Commissioners~~ **financial standards and accreditation**  
 15 **program** **Financial Regulation Standards and Accreditation**  
 16 **Program** to be a qualified jurisdiction; and  
 17 (2) may, instead of revocation, indefinitely suspend a certified  
 18 reinsurer's certification under this section if the certified  
 19 reinsurer's domiciliary jurisdiction ceases to be a qualified  
 20 jurisdiction.
- 21 (f) The commissioner shall:  
 22 (1) after considering the financial strength ratings assigned to the  
 23 certified reinsurer by rating agencies considered acceptable to the  
 24 commissioner according to rules adopted under IC 4-22-2, assign  
 25 a rating to each certified reinsurer; and  
 26 (2) publish a list of all certified reinsurers and the rating assigned  
 27 to each certified reinsurer under subdivision (1).
- 28 (g) A certified reinsurer shall secure obligations assumed from  
 29 United States ceding insurers under this section at a level consistent  
 30 with the rating assigned by the commissioner under subsection (f), as  
 31 follows:  
 32 (1) For a domestic ceding insurer to qualify for full financial  
 33 statement credit for reinsurance ceded to a certified reinsurer, the  
 34 certified reinsurer shall maintain security:  
 35 (A) in a form acceptable to the commissioner and consistent  
 36 with section 14 of this chapter; or  
 37 (B) in a multibeneficiary trust under section 11 of this chapter.  
 38 (2) If a certified reinsurer:  
 39 (A) maintains a trust to fully secure the certified reinsurer's  
 40 obligations under section 11 of this chapter; and  
 41 (B) chooses to secure the certified reinsurer's obligations  
 42 incurred as a certified reinsurer under this section in the form



- 1 of a multibeneficiary trust;  
 2 the certified reinsurer shall maintain separate trust accounts for  
 3 the certified reinsurer's obligations under section 11 of this  
 4 chapter and for the certified reinsurer's obligations incurred under  
 5 reinsurance agreements issued or renewed as a certified reinsurer  
 6 with reduced security under this section or comparable laws of  
 7 other United States jurisdictions.
- 8 (3) If a certified reinsurer described in subdivision (2) has not  
 9 agreed:
- 10 (A) in the language of the trust; and  
 11 (B) under an agreement with the commissioner that has  
 12 principal regulatory oversight of each trust account described  
 13 in subdivision (2);
- 14 to fund, upon termination of any of the trust accounts and from  
 15 the surplus of the terminated trust account, any deficiency of any  
 16 of the other trust accounts, the commissioner shall revoke the  
 17 certified reinsurer's certification under this section.
- 18 (4) The minimum trusteed surplus requirements of section 11 of  
 19 this chapter do not apply with respect to a multibeneficiary trust  
 20 that is maintained by a certified reinsurer for the purpose of  
 21 securing obligations incurred by the certified reinsurer under this  
 22 section. However, the multibeneficiary trust must maintain a  
 23 minimum trusteed surplus of at least ten million dollars  
 24 (\$10,000,000).
- 25 (5) If the security for obligations incurred by a certified reinsurer  
 26 under this section is insufficient, the commissioner:
- 27 (A) shall reduce the allowable credit by an amount in  
 28 proportion to the deficiency; and  
 29 (B) may impose further reductions in the allowable credit if  
 30 the commissioner determines that a material risk exists that the  
 31 certified reinsurer's obligations will not be paid in full when  
 32 the obligations are due.
- 33 (6) If the certification of an assuming insurer under this section is  
 34 revoked, suspended, inactivated, or voluntarily surrendered, the  
 35 commissioner shall, for purposes of reinsurance in force:
- 36 (A) except as provided in clause (B), regulate the assuming  
 37 insurer as if the assuming insurer were a certified reinsurer;  
 38 and  
 39 (B) require that the assuming insurer provide security for one  
 40 hundred percent (100%) of the assuming insurer's obligations  
 41 attributable to the reinsurance in force.
- 42 However, clause (B) does not apply to an assuming insurer after



1 certification is suspended or inactivated if, after suspension or  
 2 inactivation, the commissioner assigns a new rating to the  
 3 assuming insurer that is higher than the rating assigned under  
 4 subsection (f)(1) before certification was suspended or  
 5 inactivated.

6 (h) If an assuming insurer that applies for certification under this  
 7 section is a certified reinsurer in a jurisdiction that is accredited by the  
 8 ~~National Association of Insurance Commissioners, NAIC~~, the  
 9 commissioner may:

10 (1) defer to the:

11 (A) accredited jurisdiction's certification of the assuming  
 12 insurer; and

13 (B) rating assigned to the assuming insurer by the accredited  
 14 jurisdiction; and

15 (2) consider the assuming insurer a certified reinsurer in Indiana  
 16 without the assuming insurer meeting the requirements of  
 17 subsection (b)(2) and (b)(3).

18 (i) A certified reinsurer that ceases to assume new business in  
 19 Indiana may request that the commissioner allow the certified reinsurer  
 20 to maintain certification in inactive status to continue to qualify for the  
 21 reduction in security for the certified reinsurer's in-force business in  
 22 Indiana. If inactive status is granted by the commissioner, the certified  
 23 reinsurer shall continue to comply with this section and the  
 24 commissioner shall, after considering the reasons that the certified  
 25 reinsurer has ceased assuming new business in Indiana, assign a new  
 26 rating to the certified reinsurer.

27 (j) If a certified reinsurer continues throughout the year to pay  
 28 claims in a timely manner, the certified reinsurer is not, for one (1) year  
 29 after the date of the first liability reserve entry by a ceding company  
 30 resulting from a loss from a catastrophic occurrence recognized by the  
 31 commissioner, required to post security for the catastrophe  
 32 recoverables in the following lines of business (as reported on the  
 33 ~~National Association of Insurance Commissioners annual financial~~  
 34 ~~statement~~ **Annual Statement Blank** and specifically related to the  
 35 catastrophic occurrence):

36 (1) Fire.

37 (2) Allied lines.

38 (3) Farmowners multiple peril.

39 (4) Homeowners multiple peril.

40 (5) Commercial multiple peril.

41 (6) Inland marine.

42 (7) Earthquake.





1 (8) Motor vehicle physical damage.

2 SECTION 71. IC 27-6-10-14, AS AMENDED BY P.L.81-2012,  
3 SECTION 35, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 JULY 1, 2018]: Sec. 14. (a) An asset or a reduction from liability for  
5 the reinsurance ceded by a domestic insurer to an assuming insurer not  
6 meeting the requirements of section 8, 9, 10, 11, 11.5, 12, 13, 13.3,  
7 13.6, or 13.8 of this chapter shall be allowed in an amount not  
8 exceeding the liabilities carried by the ceding insurer.

9 (b) The reduction permitted under subsection (a) shall be in the  
10 amount of funds held by or on behalf of the ceding insurer, including  
11 funds held in trust for the ceding insurer, under a reinsurance contract  
12 with the assuming insurer as security for the payment of obligations  
13 thereunder. The security must be held:

14 (1) in the United States subject to withdrawal solely by, and under  
15 the exclusive control of, the ceding insurer; or

16 (2) in the case of a trust, in a qualified United States financial  
17 institution (as defined in section 6 of this chapter).

18 (c) The security described under subsection (b) may be in the  
19 following forms:

20 (1) Cash.

21 (2) Securities listed by the Securities Valuation Office, ~~of the~~  
22 ~~National Association of Insurance Commissioners~~, including  
23 securities that are considered exempt from filing (as defined by  
24 the Purposes and Procedures Manual of the ~~Securities Valuation~~  
25 ~~Office~~) **NAIC Investment Analysis Office**) and qualifying as  
26 admitted assets.

27 (3) Clean, irrevocable, unconditional letters of credit:

28 (A) issued or confirmed by a qualified United States financial  
29 institution (as defined in section 5 of this chapter);

30 (B) effective not later than December 31 in the year for which  
31 the filing is being made; and

32 (C) in the possession of or in trust for the ceding insurer on or  
33 before the filing date of the ceding insurer's annual statement.

34 Letters of credit that meet applicable standards of issuer  
35 acceptability as of the dates of their issuance (or confirmation)  
36 shall, notwithstanding the issuing (or confirming) institution's  
37 subsequent failure to meet applicable standards of issuer  
38 acceptability, continue to be acceptable as security until the  
39 earlier of their expiration, extension, renewal, modification, or  
40 amendment.

41 (4) Any other form of security acceptable to the commissioner.

42 SECTION 72. IC 27-7-3-15.5, AS AMENDED BY P.L.72-2016,



1 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2018]: Sec. 15.5. (a) This section applies to the following  
3 transactions:

4 (1) A mortgage transaction (as defined in IC 24-9-3-7(a)) that:

5 (A) is:

6 (i) a first lien purchase money mortgage transaction; or

7 (ii) a refinancing transaction; and

8 (B) is closed by a closing agent after December 31, 2009.

9 (2) A real estate transaction (as defined in IC 24-9-3-7(b)) that:

10 (A) does not involve a mortgage transaction described in  
11 subdivision (1); and

12 (B) is closed by a closing agent (as defined in  
13 IC 6-1.1-12-43(a)(2)) after December 31, 2011.

14 (b) For purposes of this subsection, a person described in this  
15 subsection is involved in a transaction to which this section applies if  
16 the person participates in or assists with, or will participate in or assist  
17 with, a transaction to which this section applies. The department shall  
18 establish and maintain an electronic system for the collection and  
19 storage of the following information, to the extent applicable,  
20 concerning a transaction to which this section applies:

21 (1) In the case of a transaction described in subsection (a)(1), the  
22 name and license number (under IC 23-2-5) of each loan  
23 brokerage business involved in the transaction.

24 (2) In the case of a transaction described in subsection (a)(1), the  
25 name and license or registration number of any mortgage loan  
26 originator who is:

27 (A) either licensed or registered under state or federal law as  
28 a mortgage loan originator consistent with the Secure and Fair  
29 Enforcement for Mortgage Licensing Act of 2008 (~~H.R. 3221~~  
30 ~~Title V~~); **(12 U.S.C. 5101 et seq.);** and

31 (B) involved in the transaction.

32 (3) The name and license number (under IC 25-34.1) of each:

33 (A) broker company; and

34 (B) broker if any;

35 involved in the transaction.

36 (4) The following information:

37 (A) The:

38 (i) name of; and

39 (ii) code assigned by the ~~National Association of Insurance~~  
40 ~~Commissioners (NAIC)~~ **NAIC** to;

41 each title insurance underwriter involved in the transaction.

42 (B) The type of title insurance policy issued in connection with



- 1 the transaction.
- 2 (5) The name and license number (under IC 27-1-15.6) of each
- 3 title insurance agency and agent involved in the transaction as a
- 4 closing agent (as defined in IC 6-1.1-12-43(a)(2)).
- 5 (6) The following information:
- 6 (A) The name and:
- 7 (i) license or certificate number (under IC 25-34.1-3-8) of
- 8 each licensed or certified real estate appraiser; or
- 9 (ii) license number (under IC 25-34.1) of each broker;
- 10 who appraises the property that is the subject of the
- 11 transaction.
- 12 (B) The name and registration number (under
- 13 IC 25-34.1-11-10) of any appraisal management company that
- 14 performs appraisal management services (as defined in
- 15 IC 25-34.1-11-3) in connection with the transaction.
- 16 (7) In the case of a transaction described in subsection (a)(1), the
- 17 name of the creditor and, if the creditor is required to be licensed
- 18 under IC 24-4.4, the license number of the creditor.
- 19 (8) In the case of a transaction described in subsection
- 20 (a)(1)(A)(i) or (a)(2), the name of the seller of the property that is
- 21 the subject of the transaction.
- 22 (9) In the case of a transaction described in subsection
- 23 (a)(1)(A)(i), the following information:
- 24 (A) The name of the buyer of the property that is the subject of
- 25 the transaction.
- 26 (B) The purchase price of the property that is the subject of the
- 27 transaction.
- 28 (C) The loan amount of the mortgage transaction.
- 29 (10) In the case of a transaction described in subsection (a)(2), the
- 30 following information:
- 31 (A) The name of the buyer of the property that is the subject of
- 32 the transaction.
- 33 (B) The purchase price of the property that is the subject of the
- 34 transaction.
- 35 (11) In the case of a transaction described in subsection
- 36 (a)(1)(A)(ii), the following information:
- 37 (A) The name of the borrower in the mortgage transaction.
- 38 (B) The loan amount of the refinancing.
- 39 (12) The:
- 40 (A) name; and
- 41 (B) license number, certificate number, registration number,
- 42 or other code, as appropriate;



- 1 of any other person that is involved in a transaction to which this  
 2 section applies, as the department may prescribe.
- 3 (c) The system established by the department under this section  
 4 must include a form that:
- 5 (1) is uniformly accessible in an electronic format to the closing  
 6 agent (as defined in IC 6-1.1-12-43(a)(2)) in the transaction; and  
 7 (2) allows the closing agent to do the following:
- 8 (A) Input information identifying the property that is the  
 9 subject of the transaction by lot or parcel number, street  
 10 address, or some other means of identification that the  
 11 department determines:
- 12 (i) is sufficient to identify the property; and  
 13 (ii) is determinable by the closing agent.
- 14 (B) Subject to subsection (d) and to the extent determinable,  
 15 input the applicable information described in subsection (b).
- 16 (C) Respond to the following questions, if applicable:
- 17 (i) "On what date did you receive the closing instructions  
 18 from the creditor in the transaction?"  
 19 (ii) "On what date did the transaction close?"
- 20 (D) Submit the form electronically to a data base maintained  
 21 by the department.
- 22 (d) Not later than the time of the closing or the date of disbursement,  
 23 whichever is later, each person described in subsection (b), other than  
 24 a person described in subsection (b)(8), (b)(9), (b)(10), or (b)(11), shall  
 25 provide to the closing agent in the transaction the person's:
- 26 (1) legal name; and  
 27 (2) license number, certificate number, registration number, or  
 28 NAIC code, as appropriate;
- 29 to allow the closing agent to comply with subsection (c)(2)(B). In the  
 30 case of a transaction described in subsection (a)(1), the person  
 31 described in subsection (b)(7) shall, with the cooperation of any person  
 32 involved in the transaction and described in subsection (b)(6)(A) or  
 33 (b)(6)(B), provide the information described in subsection (b)(6). In the  
 34 case of a transaction described in subsection (a)(1)(A)(ii), the person  
 35 described in subsection (b)(7) shall also provide the information  
 36 described in subsection (b)(11). A person described in subsection  
 37 (b)(3)(B) who is involved in the transaction may provide the  
 38 information required by this subsection for a person described in  
 39 subsection (b)(3)(A) that serves as the broker company for the person  
 40 described in subsection (b)(3)(B). The closing agent shall determine  
 41 the information described in subsection (b)(8), (b)(9), and (b)(10) from  
 42 the HUD-1 settlement statement, or in the case of a transaction



1 described in subsection (a)(2), from the contract or any other document  
2 executed by the parties in connection with the transaction.

3 (e) The closing agent in a transaction to which this section applies  
4 shall submit the information described in subsection (d) to the data  
5 base described in subsection (c)(2)(D) not later than twenty (20)  
6 business days after the date of closing or the date of disbursement,  
7 whichever is later.

8 (f) Except for a person described in subsection (b)(8), (b)(9),  
9 (b)(10), or (b)(11), a person described in subsection (b) who fails to  
10 comply with subsection (d) or (e) is subject to a civil penalty of one  
11 hundred dollars (\$100) for each closing with respect to which the  
12 person fails to comply with subsection (d) or (e). The penalty:

13 (1) may be enforced by the state agency that has administrative  
14 jurisdiction over the person in the same manner that the agency  
15 enforces the payment of fees or other penalties payable to the  
16 agency; and

17 (2) shall be paid into the home ownership education account  
18 established by IC 5-20-1-27.

19 (g) Subject to subsection (h), the department shall make the  
20 information stored in the data base described in subsection (c)(2)(D)  
21 accessible to:

22 (1) each entity described in IC 4-6-12-4; and

23 (2) the homeowner protection unit established under IC 4-6-12-2.

24 (h) The department, a closing agent who submits a form under  
25 subsection (c), each entity described in IC 4-6-12-4, and the  
26 homeowner protection unit established under IC 4-6-12-2 shall exercise  
27 all necessary caution to avoid disclosure of any information:

28 (1) concerning a person described in subsection (b), including the  
29 person's license, registration, or certificate number; and

30 (2) contained in the data base described in subsection (c)(2)(D);  
31 except to the extent required or authorized by state or federal law.

32 (i) The department may adopt rules under IC 4-22-2, including  
33 emergency rules under IC 4-22-2-37.1, to implement this section. Rules  
34 adopted by the department under this subsection may establish  
35 procedures for the department to:

36 (1) establish;

37 (2) collect; and

38 (3) change as necessary;

39 an administrative fee to cover the department's expenses in establishing  
40 and maintaining the electronic system required by this section.

41 (j) If the department adopts a rule under IC 4-22-2 to establish an  
42 administrative fee to cover the department's expenses in establishing



1 and maintaining the electronic system required by this section, as  
 2 allowed under subsection (i), the department may:

3 (1) require the fee to be paid:

4 (A) to the closing agent responsible for inputting the  
 5 information and submitting the form described in subsection  
 6 (c)(2); and

7 (B) by the borrower, the seller, or the buyer in the transaction;

8 (2) allow the closing agent described in subdivision (1)(A) to  
 9 retain a part of the fee collected to cover the closing agent's costs  
 10 in inputting the information and submitting the form described in  
 11 subsection (c)(2); and

12 (3) require the closing agent to pay the remainder of the fee  
 13 collected to the department for deposit in the title insurance  
 14 enforcement fund established by IC 27-7-3.6-1, for the  
 15 department's use in establishing and maintaining the electronic  
 16 system required by this section.

17 SECTION 73. IC 27-7-10-14 IS AMENDED TO READ AS  
 18 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 14. (a) A risk retention  
 19 group that is chartered and licensed in a state other than Indiana and  
 20 that seeks to do business in Indiana shall comply with this section and  
 21 with sections 15 through 22 of this chapter.

22 (b) Before offering insurance in Indiana, a risk retention group shall  
 23 submit to the commissioner the following:

24 (1) A statement that sets forth the following:

25 (A) The state or states in which the risk retention group is  
 26 chartered and licensed as a liability insurance company.

27 (B) The date on which the charter of the group was issued.

28 (C) The group's principal place of business.

29 (D) Any other information (including information on the  
 30 membership of the group) that the commissioner may require  
 31 to verify that the group meets the definition of risk retention  
 32 group in section 11 of this chapter.

33 (2) A copy of the plan of operations or feasibility study, and of  
 34 any revisions of that plan or study, submitted by the risk retention  
 35 group to the state in which the group is chartered and licensed.

36 (3) A copy of the group's charter or license from its chartering  
 37 state.

38 (4) A statement of registration (for which a filing fee shall be  
 39 determined by the commissioner) that designates the  
 40 commissioner as its agent for the purpose of receiving service of  
 41 legal documents or process.

42 (c) A risk retention group that is chartered and licensed in a state



1 other than Indiana and that is doing or seeks to do business in Indiana  
 2 shall submit a copy of any revision of its plan of operation or feasibility  
 3 study to the commissioner of this state at the same time that the  
 4 revision is submitted to the commissioner of the group's chartering  
 5 state.

6 (d) A risk retention group that is chartered and licensed in a state  
 7 other than Indiana and that is doing business in Indiana shall submit to  
 8 the commissioner of this state the following:

9 (1) A copy of the group's financial statement submitted to the  
 10 state in which the risk retention group is chartered and licensed,  
 11 which must be certified by an independent public accountant and  
 12 must contain a statement of opinion on loss and loss adjustment  
 13 expense reserves made by a member of the American Academy  
 14 of Actuaries or by a qualified loss reserve specialist (under  
 15 criteria established by the ~~National Association of Insurance~~  
 16 ~~Commissioners~~; **NAIC**).

17 (2) A copy of each examination of the risk retention group as  
 18 certified by the commissioner or public official conducting the  
 19 examination.

20 (3) Upon request by the commissioner, a copy of any information  
 21 or document pertaining to any outside audit performed with  
 22 respect to the risk retention group.

23 (4) Such information as may be required to verify that the group  
 24 continues to meet the definition of risk retention group in section  
 25 11 of this chapter.

26 SECTION 74. IC 27-7-10-17 IS AMENDED TO READ AS  
 27 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 17. A risk retention  
 28 group that is licensed and chartered in a state other than Indiana shall  
 29 submit to an examination by the commissioner of this state to  
 30 determine its financial condition if the commissioner of the jurisdiction  
 31 in which the group is chartered and licensed has not initiated an  
 32 examination or does not initiate an examination within sixty (60) days  
 33 after a request by the commissioner of this state. Any examination  
 34 conducted by the commissioner of this state under this section shall be  
 35 coordinated to avoid unjustified repetition and conducted in an  
 36 expeditious manner and in accordance with the ~~NAIC's Examiner~~  
 37 **Financial Condition Examiner's Handbook and the Market**  
 38 **Regulation Handbook.**

39 SECTION 75. IC 27-7-10-26 IS AMENDED TO READ AS  
 40 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 26. (a) A purchasing  
 41 group, before doing business in Indiana, shall furnish notice to the  
 42 commissioner. The notice must:



- 1 (1) identify the state in which the group is domiciled;  
 2 (2) identify all other states in which the group intends to do  
 3 business;  
 4 (3) specify the lines and classifications of liability insurance that  
 5 the purchasing group intends to purchase;  
 6 (4) identify the insurance company or companies from which the  
 7 group intends to purchase its insurance and the domicile of the  
 8 company or companies;  
 9 (5) specify the method by which, and the person or persons, if  
 10 any, through whom insurance will be offered to its members  
 11 whose risks are resident or located in Indiana;  
 12 (6) identify the principal place of business of the group; and  
 13 (7) provide such other information as may be required by the  
 14 commissioner to verify that the purchasing group meets the  
 15 definition of a purchasing group under section 10 of this chapter.
- 16 (b) A purchasing group shall, within ten (10) days, notify the  
 17 commissioner of any changes in any of the facts set forth in the notice  
 18 provided to the commissioner under this section.
- 19 (c) A purchasing group, before doing business in Indiana, shall  
 20 register with and designate the commissioner as its agent solely for the  
 21 purpose of receiving service of legal documents or process in Indiana  
 22 (for which a filing fee shall be determined by the commissioner).  
 23 However, this requirement does not apply in the case of a purchasing  
 24 group that only purchases insurance that was authorized under the  
 25 federal Product Liability Risk Retention Act of 1981 ~~P.L.97-45~~, **(15**  
 26 **U.S.C. 3901 et seq.)** and:  
 27 (1) that in any state of the United States:  
 28 (A) was domiciled before April 1, 1986; and  
 29 (B) is domiciled on and after October 27, 1986;  
 30 (2) that:  
 31 (A) before October 27, 1986, purchased insurance from an  
 32 insurance carrier licensed in any state; and  
 33 (B) since October 27, 1986, purchased its insurance from an  
 34 insurance carrier licensed in any state; or  
 35 (3) that was a purchasing group under the requirements of the  
 36 Product Liability Risk Retention Act of 1981 **(15 U.S.C. 3901 et**  
 37 **seq.)** before October 27, 1986.
- 38 (d) Each purchasing group that is required to give notice under  
 39 subsection (a) shall also furnish information required by the  
 40 commissioner to:  
 41 (1) verify that the entity qualifies as a purchasing group;  
 42 (2) determine where the purchasing group is located; and





1 (3) determine appropriate tax treatment.

2 (e) Any purchasing group that was doing business in Indiana before  
3 April 1, 1988, shall, before May 1, 1988, furnish notice to the  
4 commissioner under subsection (a) and furnish information required  
5 under subsections (c) through (d).

6 SECTION 76. IC 27-8-5-1.5, AS AMENDED BY P.L.278-2013,  
7 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
8 JULY 1, 2018]: Sec. 1.5. (a) This section applies to a policy of accident  
9 and sickness insurance issued on an individual, a group, a franchise, or  
10 a blanket basis, including a policy issued by an assessment company or  
11 a fraternal benefit society.

12 (b) As used in this section, "commissioner" refers to the insurance  
13 commissioner appointed under IC 27-1-1-2.

14 (c) As used in this section, "grossly inadequate filing" means a  
15 policy form filing:

16 (1) that fails to provide key information, including state specific  
17 information, regarding a product, policy, or rate; or

18 (2) that demonstrates an insufficient understanding of applicable  
19 legal requirements.

20 (d) As used in this section, "policy form" means a policy, a contract,  
21 a certificate, a rider, an endorsement, an evidence of coverage, or any  
22 amendment that is required by law to be filed with the commissioner  
23 for approval before use in Indiana.

24 (e) As used in this section, "type of insurance" refers to a type of  
25 coverage listed on the National Association of Insurance  
26 Commissioners Uniform Life, Accident and Health, Annuity and Credit  
27 Product Coding Matrix ~~or a successor document~~, under the heading  
28 "Continuing Care Retirement Communities", "Health", "Long Term  
29 Care", or "Medicare Supplement".

30 (f) Each person having a role in the filing process described in  
31 subsection (i) shall act in good faith and with due diligence in the  
32 performance of the person's duties.

33 (g) A policy form, including a policy form of a policy, contract,  
34 certificate, rider, endorsement, evidence of coverage, or amendment  
35 that is issued through a health benefit exchange (as defined in  
36 IC 27-19-2-8), may not be issued or delivered in Indiana unless the  
37 policy form has been filed with and approved by the commissioner.

38 (h) The commissioner shall do the following:

39 (1) Create a document containing a list of all product filing  
40 requirements for each type of insurance, with appropriate  
41 citations to the law, administrative rule, or bulletin that specifies  
42 the requirement, including the citation for the type of insurance



- 1 to which the requirement applies.
- 2 (2) Make the document described in subdivision (1) available on
- 3 the department of insurance Internet site.
- 4 (3) Update the document described in subdivision (1) at least
- 5 annually and not more than thirty (30) days following any change
- 6 in a filing requirement.
- 7 (i) The filing process is as follows:
- 8 (1) A filer shall submit a policy form filing that:
- 9 (A) includes a copy of the document described in subsection
- 10 (h);
- 11 (B) indicates the location within the policy form or supplement
- 12 that relates to each requirement contained in the document
- 13 described in subsection (h); and
- 14 (C) certifies that the policy form meets all requirements of
- 15 state law.
- 16 (2) The commissioner shall review a policy form filing and, not
- 17 more than thirty (30) days after the commissioner receives the
- 18 filing under subdivision (1):
- 19 (A) approve the filing; or
- 20 (B) provide written notice of a determination:
- 21 (i) that deficiencies exist in the filing; or
- 22 (ii) that the commissioner disapproves the filing.
- 23 A written notice provided by the commissioner under clause (B)
- 24 must be based only on the requirements set forth in the document
- 25 described in subsection (h) and must cite the specific
- 26 requirements not met by the filing. A written notice provided by
- 27 the commissioner under clause (B)(i) must state the reasons for
- 28 the commissioner's determination in sufficient detail to enable the
- 29 filer to bring the policy form into compliance with the
- 30 requirements not met by the filing.
- 31 (3) A filer may resubmit a policy form that:
- 32 (A) was determined deficient under subdivision (2) and has
- 33 been amended to correct the deficiencies; or
- 34 (B) was disapproved under subdivision (2) and has been
- 35 revised.
- 36 A policy form resubmitted under this subdivision must meet the
- 37 requirements set forth as described in subdivision (1) and must be
- 38 resubmitted not more than thirty (30) days after the filer receives
- 39 the commissioner's written notice of deficiency or disapproval. If
- 40 a policy form is not resubmitted within thirty (30) days after
- 41 receipt of the written notice, the commissioner's determination
- 42 regarding the policy form is final.



1 (4) The commissioner shall review a policy form filing  
 2 resubmitted under subdivision (3) and, not more than thirty (30)  
 3 days after the commissioner receives the resubmission:

4 (A) approve the resubmitted policy form; or

5 (B) provide written notice that the commissioner disapproves  
 6 the resubmitted policy form.

7 A written notice of disapproval provided by the commissioner  
 8 under clause (B) must be based only on the requirements set forth  
 9 in the document described in subsection (h), must cite the specific  
 10 requirements not met by the filing, and must state the reasons for  
 11 the commissioner's determination in detail. The commissioner's  
 12 approval or disapproval of a resubmitted policy form under this  
 13 subdivision is final, except that the commissioner may allow the  
 14 filer to resubmit a further revised policy form if the filer, in the  
 15 filer's resubmission under subdivision (3), introduced new  
 16 provisions or materially modified a substantive provision of the  
 17 policy form. If the commissioner allows a filer to resubmit a  
 18 further revised policy form under this subdivision, the filer must  
 19 resubmit the further revised policy form not more than thirty (30)  
 20 days after the filer receives notice under clause (B), and the  
 21 commissioner shall issue a final determination on the further  
 22 revised policy form not more than thirty (30) days after the  
 23 commissioner receives the further revised policy form.

24 (5) If the commissioner disapproves a policy form filing under  
 25 this subsection, the commissioner shall notify the filer, in writing,  
 26 of the filer's right to a hearing as described in subsection (m). A  
 27 disapproved policy form filing may not be used for a policy of  
 28 accident and sickness insurance unless the disapproval is  
 29 overturned in a hearing conducted under this subsection.

30 (6) If the commissioner does not take any action on a policy form  
 31 that is filed or resubmitted under this subsection in accordance  
 32 with any applicable period specified in subdivision (2), (3), or (4),  
 33 the policy form filing is considered to be approved.

34 (j) Except as provided in this subsection, the commissioner may not  
 35 disapprove a policy form resubmitted under subsection (i)(3) or (i)(4)  
 36 for a reason other than a reason specified in the original notice of  
 37 determination under subsection (i)(2)(B). The commissioner may  
 38 disapprove a resubmitted policy form for a reason other than a reason  
 39 specified in the original notice of determination under subsection (i)(2)  
 40 if:

41 (1) the filer has introduced a new provision in the resubmission;

42 (2) the filer has materially modified a substantive provision of the



- 1 policy form in the resubmission;
- 2 (3) there has been a change in requirements applying to the policy
- 3 form; or
- 4 (4) there has been reviewer error and the written disapproval fails
- 5 to state a specific requirement with which the policy form does
- 6 not comply.
- 7 (k) The commissioner may return a grossly inadequate filing to the
- 8 filer without triggering a deadline set forth in this section.
- 9 (l) The commissioner may disapprove a policy form if:
- 10 (1) the benefits provided under the policy form are not reasonable
- 11 in relation to the premium charged; or
- 12 (2) the policy form contains provisions that are unjust, unfair,
- 13 inequitable, misleading, or deceptive, or that encourage
- 14 misrepresentation of the policy.
- 15 (m) Upon disapproval of a filing under this section, the
- 16 commissioner shall provide written notice to the filer or insurer of the
- 17 right to a hearing within twenty (20) days of a request for a hearing.
- 18 (n) Unless a policy form approved under this chapter contains a
- 19 material error or omission, the commissioner may not:
- 20 (1) retroactively disapprove the policy form; or
- 21 (2) examine the filer of the policy form during a routine or
- 22 targeted market conduct examination for compliance with a policy
- 23 form filing requirement that was not in existence at the time the
- 24 policy form was filed.
- 25 SECTION 77. IC 27-8-10-1, AS AMENDED BY P.L.234-2007,
- 26 SECTION 165, IS AMENDED TO READ AS FOLLOWS
- 27 [EFFECTIVE JULY 1, 2018]: Sec. 1. (a) The definitions in this section
- 28 apply throughout this chapter.
- 29 (b) "Association" means the Indiana comprehensive health
- 30 insurance association established under section 2.1 of this chapter.
- 31 (c) "Association policy" means a policy issued by the association
- 32 that provides coverage specified in section 3 of this chapter. The term
- 33 does not include a Medicare supplement policy that is issued under
- 34 section 9 of this chapter.
- 35 (d) "Carrier" means an insurer providing medical, hospital, or
- 36 surgical expense incurred health insurance policies.
- 37 (e) "Church plan" means a plan defined in the federal Employee
- 38 Retirement Income Security Act of 1974 under 26 U.S.C. 414(e).
- 39 (f) "Commissioner" refers to the insurance commissioner.
- 40 (g) "Creditable coverage" has the meaning set forth in the federal
- 41 Health Insurance Portability and Accountability Act of 1996 (26 U.S.C.
- 42 9801(c)(1)).



1 (h) "Eligible expenses" means those charges for health care services  
2 and articles provided for in section 3 of this chapter.

3 (i) "Federal income poverty level" has the meaning set forth in  
4 IC 12-15-2-1.

5 (j) "Federally eligible individual" means an individual:

6 (1) for whom, as of the date on which the individual seeks  
7 coverage under this chapter, the aggregate period of creditable  
8 coverage is at least eighteen (18) months and whose most recent  
9 prior creditable coverage was under a:

10 (A) group health plan;

11 (B) governmental plan; or

12 (C) church plan;

13 or health insurance coverage in connection with any of these  
14 plans;

15 (2) who is not eligible for coverage under:

16 (A) a group health plan;

17 (B) Part A or Part B of Title XVIII of the federal Social  
18 Security Act (**42 U.S.C. 1395 et seq.**); or

19 (C) a state plan under Title XIX of the federal Social Security  
20 Act (~~or any successor program~~); (**42 U.S.C. 1396 et seq.**);

21 and does not have other health insurance coverage;

22 (3) with respect to whom the individual's most recent coverage  
23 was not terminated for factors relating to nonpayment of  
24 premiums or fraud;

25 (4) who, if after being offered the option of continuation coverage  
26 under the Consolidated Omnibus Budget Reconciliation Act of  
27 1985 (COBRA) (29 U.S.C. 1191b(d)(1)), or under a similar state  
28 program, elected such coverage; and

29 (5) who, if after electing continuation coverage described in  
30 subdivision (4), has exhausted continuation coverage under the  
31 provision or program.

32 (k) "Governmental plan" means a plan as defined under the federal  
33 Employee Retirement Income Security Act of 1974 (26 U.S.C. 414(d))  
34 and any plan established or maintained for its employees by the United  
35 States government or by any agency or instrumentality of the United  
36 States government.

37 (l) "Group health plan" means an employee welfare benefit plan (as  
38 defined in 29 U.S.C. 1167(1)) to the extent that the plan provides  
39 medical care payments to, or on behalf of, employees or their  
40 dependents, as defined under the terms of the plan, directly or through  
41 insurance, reimbursement, or otherwise.

42 (m) "Health care facility" means any institution providing health



1 care services that is licensed in this state, including institutions  
 2 engaged principally in providing services for health maintenance  
 3 organizations or for the diagnosis or treatment of human disease, pain,  
 4 injury, deformity, or physical condition, including a general hospital,  
 5 special hospital, mental hospital, public health center, diagnostic  
 6 center, treatment center, rehabilitation center, extended care facility,  
 7 skilled nursing home, nursing home, intermediate care facility,  
 8 tuberculosis hospital, chronic disease hospital, maternity hospital,  
 9 outpatient clinic, home health care agency, bioanalytical laboratory, or  
 10 central services facility servicing one (1) or more such institutions.

11 (n) "Health care institutions" means skilled nursing facilities, home  
 12 health agencies, and hospitals.

13 (o) "Health care provider" means any physician, hospital,  
 14 pharmacist, or other person who is licensed in Indiana to furnish health  
 15 care services.

16 (p) "Health care services" means any services or products included  
 17 in the furnishing to any individual of medical care, dental care, or  
 18 hospitalization, or incident to the furnishing of such care or  
 19 hospitalization, as well as the furnishing to any person of any other  
 20 services or products for the purpose of preventing, alleviating, curing,  
 21 or healing human illness or injury.

22 (q) "Health insurance" means hospital, surgical, and medical  
 23 expense incurred policies, nonprofit service plan contracts, health  
 24 maintenance organizations, limited service health maintenance  
 25 organizations, and self-insured plans. However, the term "health  
 26 insurance" does not include short term travel accident policies,  
 27 accident only policies, fixed indemnity policies, automobile medical  
 28 payment, or incidental coverage issued with or as a supplement to  
 29 liability insurance.

30 (r) "Insured" means all individuals who are provided qualified  
 31 comprehensive health insurance coverage under an individual policy,  
 32 including all dependents and other insured persons, if any.

33 (s) "Medicaid" means medical assistance provided by the state  
 34 under the Medicaid program under IC 12-15.

35 (t) "Medical care payment" means amounts paid for:

- 36 (1) the diagnosis, care, mitigation, treatment, or prevention of
- 37 disease or amounts paid for the purpose of affecting any structure
- 38 or function of the body;
- 39 (2) transportation primarily for and essential to Medicare services
- 40 referred to in subdivision (1); and
- 41 (3) insurance covering medical care referred to in subdivisions (1)
- 42 and (2).



- 1 (u) "Medically necessary" means health care services that the
- 2 association has determined:
- 3 (1) are recommended by a legally qualified physician;
- 4 (2) are commonly and customarily recognized throughout the
- 5 physician's profession as appropriate in the treatment of the
- 6 patient's diagnosed illness; and
- 7 (3) are not primarily for the scholastic education or career and
- 8 technical training of the provider or patient.
- 9 (v) "Medicare" means Title XVIII of the federal Social Security Act
- 10 (42 U.S.C. 1395 et seq.).
- 11 (w) "Policy" means a contract, policy, or plan of health insurance.
- 12 (x) "Policy year" means a twelve (12) month period during which a
- 13 policy provides coverage or obligates the carrier to provide health care
- 14 services.
- 15 (y) "Health maintenance organization" has the meaning set out in
- 16 IC 27-13-1-19.
- 17 (z) "Resident" means an individual who is:
- 18 (1) legally domiciled in Indiana for at least twelve (12) months
- 19 before applying for an association policy; or
- 20 (2) a federally eligible individual and legally domiciled in
- 21 Indiana.
- 22 (aa) "Self-insurer" means an employer who provides services,
- 23 payment for, or reimbursement of any part of the cost of health care
- 24 services other than payment of insurance premiums or subscriber
- 25 charges to a carrier. However, the term "self-insurer" does not include
- 26 an employer who is exempt from state insurance regulation by federal
- 27 law, or an employer who is a political subdivision of the state of
- 28 Indiana.
- 29 (bb) "Services of a skilled nursing facility" means services that must
- 30 commence within fourteen (14) days following a confinement of at
- 31 least three (3) consecutive days in a hospital for the same condition.
- 32 (cc) "Skilled nursing facility", "home health agency", "hospital", and
- 33 "home health services" have the meanings assigned to them in 42
- 34 U.S.C. 1395x.
- 35 (dd) "Medicare supplement policy" means an individual policy of
- 36 accident and sickness insurance that is designed primarily as a
- 37 supplement to reimbursements under Medicare for the hospital,
- 38 medical, and surgical expenses of individuals who are eligible for
- 39 Medicare benefits.
- 40 (ee) "Limited service health maintenance organization" has the
- 41 meaning set forth in IC 27-13-34-4.
- 42 SECTION 78. IC 27-8-10-11.2 IS AMENDED TO READ AS



1 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 11.2. (a) Not more than  
 2 ninety (90) days after the ~~effective~~ date of **the version specified in**  
 3 **IC 27-1-1.5** of a diagnostic or procedure code described in this  
 4 subsection:

5 (1) the association shall begin using the ~~most current~~ version  
 6 **specified in IC 27-1-1.5** of the:

7 (A) ~~current procedural terminology~~ **Current Procedural**  
 8 **Terminology (CPT)**;

9 (B) ~~international classification of diseases~~ **International**  
 10 **Classification of Diseases (ICD)**;

11 (C) American Psychiatric Association's Diagnostic and  
 12 Statistical Manual of Mental Disorders (DSM);

13 (D) ~~current dental terminology~~ **Current Dental Terminology**  
 14 (CDT);

15 (E) Healthcare ~~common procedure coding system~~ **Common**  
 16 **Procedure Coding System (HCPCS)**; and

17 (F) third party administrator (TPA);

18 codes under which the association pays claims for services  
 19 provided under an association policy; and

20 (2) a health care provider shall begin using the ~~most current~~  
 21 version **specified in IC 27-1-1.5** of the:

22 (A) ~~current procedural terminology~~ **Current Procedural**  
 23 **Terminology (CPT)**;

24 (B) ~~international classification of diseases~~ **International**  
 25 **Classification of Diseases (ICD)**;

26 (C) American Psychiatric Association's Diagnostic and  
 27 Statistical Manual of Mental Disorders (DSM);

28 (D) ~~current dental terminology~~ **Current Dental Terminology**  
 29 (CDT);

30 (E) Healthcare ~~common procedure coding system~~ **Common**  
 31 **Procedure Coding System (HCPCS)**; and

32 (F) third party administrator (TPA);

33 codes under which the health care provider submits claims for  
 34 payment for services provided under an association policy.

35 (b) If a health care provider provides services that are covered under  
 36 an association policy:

37 (1) after the ~~effective~~ date of the ~~most current~~ version **specified**  
 38 **in IC 27-1-1.5** of a diagnostic or procedure code described in  
 39 subsection (a); and

40 (2) before the association begins using the ~~most current~~ version  
 41 of the diagnostic or procedure code;

42 the association shall reimburse the health care provider under the





1 version of the diagnostic or procedure code that was ~~in effect~~ **specified**  
2 **in IC 27-1-1.5** on the date that the services were provided.

3 SECTION 79. IC 27-8-13-3 IS AMENDED TO READ AS  
4 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) As used in this  
5 chapter, "Medicare supplement policy" means a group or individual  
6 policy of accident and sickness insurance or a subscriber contract of  
7 health maintenance organizations that is advertised, marketed, or  
8 designed primarily as a supplement to reimbursements under Medicare  
9 for the hospital, medical, or surgical expenses of persons eligible for  
10 Medicare benefits.

- 11 (b) The term does not include a group policy issued:
  - 12 (1) to or for the benefit of employees;
  - 13 (2) to one (1) or more labor organizations; or
  - 14 (3) to the trustees of a fund established:
    - 15 (A) by one (1) or more employees or former employees; or
    - 16 (B) for members or former members of a labor organization.

- 17 (c) The term does not include:
  - 18 (1) a policy issued under a contract under Section 1876 or 1833
  - 19 of the federal Social Security Act (42 U.S.C. 1395 et seq.); or
  - 20 (2) a policy issued under a demonstration project authorized
  - 21 under amendments to the federal Social Security Act (**42 U.S.C.**
  - 22 **Chapter 7**).

23 SECTION 80. IC 27-8-14.2-3, AS AMENDED BY P.L.188-2013,  
24 SECTION 21, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
25 JULY 1, 2018]: Sec. 3. As used in this chapter, "autism spectrum  
26 disorder" means a neurological condition, including Asperger's  
27 syndrome and autism, as defined in ~~the most recent edition of the~~  
28 Diagnostic and Statistical Manual of Mental Disorders. ~~of the~~  
29 ~~American Psychiatric Association.~~

30 SECTION 81. IC 27-8-14.7-4 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 4. (a) Except as  
32 provided in subsection (f), an insurer shall provide coverage for  
33 prostate specific antigen testing in any accident and sickness insurance  
34 policy that the insurer issues in Indiana.

- 35 (b) Except as provided in subsection (f), the coverage required  
36 under subsection (a) must include the following:
  - 37 (1) At least one (1) prostate specific antigen test annually for an  
38 insured who is at least fifty (50) years of age.
  - 39 (2) At least one (1) prostate specific antigen test annually for an  
40 insured who is less than fifty (50) years of age and who is at high  
41 risk for prostate cancer according to ~~the most recent published~~  
42 ~~guidelines of the American Cancer Society~~ **guidelines**.



1 (c) An insured may not be required to pay an annual deductible or  
 2 coinsurance that is greater than an annual deductible or coinsurance  
 3 established for similar benefits under the accident and sickness  
 4 insurance policy. If the policy does not cover a similar benefit, the  
 5 deductible or coinsurance may not be set at a level that materially  
 6 diminishes the value of the prostate specific antigen testing benefit  
 7 required by this chapter.

8 (d) Except as provided in subsection (f), the coverage that an insurer  
 9 must provide under this chapter may not be subject to dollar limits,  
 10 deductibles, or coinsurance provisions that are less favorable to the  
 11 insured than the dollar limits, deductibles, or coinsurance provisions  
 12 applying to physical illness generally under the accident and sickness  
 13 insurance policy.

14 (e) Except as provided in subsection (f), the coverage that an insurer  
 15 must provide is in addition to any benefits specifically provided for  
 16 x-rays, laboratory testing, or wellness examinations.

17 (f) In the case of insurance policies that are not employer based, the  
 18 insurer must offer to provide the coverage described in subsections (a)  
 19 through (e).

20 SECTION 82. IC 27-8-14.8-3 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) Except as  
 22 provided in subsection (d), an insurer shall provide coverage for  
 23 colorectal cancer examinations and laboratory tests for cancer for any  
 24 nonsymptomatic insured, in accordance with the ~~current~~ American  
 25 Cancer Society guidelines, in any accident and sickness insurance  
 26 policy that the insurer issues in Indiana or issues for delivery in  
 27 Indiana.

28 (b) For an insured who is:

29 (1) at least fifty (50) years of age; or

30 (2) less than fifty (50) years of age and at high risk for colorectal  
 31 cancer according to ~~the most recent published guidelines~~ of the  
 32 American Cancer Society **guidelines;**

33 the coverage required under this section must meet the requirements set  
 34 forth in subsection (c).

35 (c) An insured may not be required to pay an additional annual  
 36 deductible or coinsurance for the colorectal cancer examination and  
 37 laboratory testing benefit that is greater than an annual deductible or  
 38 coinsurance established for similar benefits under an accident and  
 39 sickness insurance policy. If the accident and sickness insurance policy  
 40 does not cover a similar benefit, a deductible or coinsurance may not  
 41 be set at a level that materially diminishes the value of the colorectal  
 42 cancer examination and laboratory testing benefit required under this



1 section.

2 (d) In the case of an accident and sickness insurance policy that is  
3 not employer based, the insurer shall offer to provide the coverage  
4 described in this section.

5 SECTION 83. IC 27-8-18-2 IS AMENDED TO READ AS  
6 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. As used in this  
7 chapter, "charitable entity" means an entity that is exempt from federal  
8 taxation under Section 501(c)(3) of the Internal Revenue Code (**26**  
9 **U.S.C. 501(c)(3)**).

10 SECTION 84. IC 27-8-22.1-5 IS AMENDED TO READ AS  
11 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 5. (a) Not more than  
12 ninety (90) days after the ~~effective~~ date of **the version specified in**  
13 **IC 27-1-1.5** of a diagnostic or procedure code described in this  
14 subsection:

15 (1) an insurer shall begin using the ~~most current~~ version **specified**  
16 **in IC 27-1-1.5** of the:

17 (A) ~~current procedural terminology~~ **Current Procedural**  
18 **Terminology (CPT)**;

19 (B) ~~international classification of diseases~~ **International**  
20 **Classification of Diseases (ICD)**;

21 (C) American Psychiatric Association's Diagnostic and  
22 Statistical Manual of Mental Disorders (DSM);

23 (D) ~~current dental terminology~~ **Current Dental Terminology**  
24 (CDT);

25 (E) Healthcare ~~common procedure coding system~~ **Common**  
26 **Procedure Coding System (HCPCS)**; and

27 (F) third party administrator (TPA);

28 codes under which the insurer pays claims for services provided  
29 under an accident and sickness insurance policy or a worker's  
30 compensation policy; and

31 (2) a provider shall begin using the ~~most current~~ version **specified**  
32 **in IC 27-1-1.5** of the:

33 (A) ~~current procedural terminology~~ **Current Procedural**  
34 **Terminology (CPT)**;

35 (B) ~~international classification of diseases~~ **International**  
36 **Classification of Diseases (ICD)**;

37 (C) American Psychiatric Association's Diagnostic and  
38 Statistical Manual of Mental Disorders (DSM);

39 (D) ~~current dental terminology~~ **Current Dental Terminology**  
40 (CDT);

41 (E) Healthcare ~~common procedure coding system~~ **Common**  
42 **Procedure Coding System (HCPCS)**; and



1 (F) third party administrator (TPA);  
 2 codes under which the provider submits claims for payment for  
 3 services provided under an accident and sickness insurance policy  
 4 or a worker's compensation policy.

5 (b) If a provider provides services that are covered under an  
 6 accident and sickness insurance policy or a worker's compensation  
 7 policy:

8 (1) after the ~~effective~~ date of the ~~most current~~ version **specified**  
 9 **in IC 27-1-1.5** of a diagnostic or procedure code described in  
 10 subsection (a); and

11 (2) before the insurer begins using the ~~most current~~ version  
 12 **specified in IC 27-1-1.5** of the diagnostic or procedure code;  
 13 the insurer shall reimburse the provider under the version of the  
 14 diagnostic or procedure code that was ~~in effect~~ **specified in**  
 15 **IC 27-1-1.5** on the date that the services were provided.

16 SECTION 85. IC 27-11-6-12 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 12. (a) For certificates  
 18 issued before January 1, 1987, the value of every paid-up nonforfeiture  
 19 benefit and the amount of any cash surrender value, loan, or other  
 20 option granted shall comply with the provisions of law applicable on  
 21 December 31, 1985.

22 (b) For certificates issued after December 31, 1986, for which  
 23 reserves are computed on the Commissioner's 1941 Standard Ordinary  
 24 Mortality Table, the Commissioner's 1941 Standard Industrial Table,  
 25 the Commissioner's 1958 Standard Ordinary Mortality Table, the  
 26 Commissioner's 1980 Standard Mortality Table, **the Commissioner's**  
 27 **2017 Standard Mortality Table**, or any more recent table made  
 28 applicable to life insurers **and approved by the commissioner in**  
 29 **rules adopted under IC 4-22-2**, every paid-up nonforfeiture benefit  
 30 and the amount of any cash surrender value, loan, or other option  
 31 granted shall not be less than the corresponding amount ascertained in  
 32 accordance with the laws of this state applicable to life insurers issuing  
 33 policies containing like benefits based upon the tables.

34 SECTION 86. IC 27-11-8-1 IS AMENDED TO READ AS  
 35 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. (a) Standards of  
 36 valuation for certificates issued before January 1, 1987, shall be those  
 37 provided by the laws applicable on December 31, 1985.

38 (b) The minimum standards of valuation for certificates issued after  
 39 December 31, 1986, shall be based on the following tables:

40 (1) For certificates of life insurance—the Commissioner's 1941  
 41 Standard Ordinary Mortality Table, the Commissioner's 1941  
 42 Standard Industrial Mortality Table, the Commissioner's 1958



1 Standard Ordinary Mortality Table, the Commissioner's 1980  
 2 Standard Ordinary Mortality Table, **the Commissioner's 2017**  
 3 **Standard Mortality Table**, or any more recent table made  
 4 applicable to life insurers **and approved by the commissioner in**  
 5 **rules adopted under IC 4-22-2.**

6 (2) For annuity and pure endowment certificates, total and  
 7 permanent disability benefits, accidental death benefits, and  
 8 noncancellable accident and health benefits—such tables as are  
 9 authorized for use by life insurers in this state.

10 (c) All of the above shall be under valuation methods and standards  
 11 (including interest assumptions) in accordance with the laws of this  
 12 state applicable to life insurers issuing policies containing like benefits.

13 (d) The commissioner may accept other standards for valuation if  
 14 the commissioner finds that the reserves produced will not be less in  
 15 the aggregate than reserves computed in accordance with the minimum  
 16 valuation standard prescribed in this section. The commissioner may  
 17 vary the standards of mortality applicable to all benefit contracts on  
 18 substandard lives or other extra hazardous lives by any society  
 19 authorized to do business in this state.

20 (e) Any society, with the consent of the commissioner of the state  
 21 of domicile of the society and under the conditions, if any, that the  
 22 commissioner may impose, may establish and maintain reserves on its  
 23 certificates in excess of the reserves required thereunder, but the  
 24 contractual rights of any benefit member shall not be affected thereby.

25 SECTION 87. IC 27-11-8-2 IS AMENDED TO READ AS  
 26 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. (a) Reports shall be  
 27 filed in accordance with this section.

28 (b) Every society transacting business in this state shall annually,  
 29 before March 1, unless for cause shown the time has been extended by  
 30 the commissioner:

31 (1) file with the commissioner:

32 (A) a true statement of its financial condition, transactions,  
 33 and affairs for the preceding calendar year **on the Annual**  
 34 **Statement Blank for fraternal benefit societies;** and

35 (B) **any additional information required by the**  
 36 **commissioner; and**

37 (2) pay a fee of twenty-five dollars (\$25) for filing the statement.  
 38 The statement shall be in general form and context as approved by the  
 39 National Association of Insurance Commissioners for fraternal benefit  
 40 societies and as supplemented by additional information required by  
 41 the commissioner.

42 (c) As part of the annual statement required in this section, each



1 society shall, before March 1, file with the commissioner a valuation  
 2 of its certificates in force on December 31 last preceding, provided the  
 3 commissioner may for cause shown, extend the time for filing the  
 4 valuation for not more than two (2) calendar months. The valuation  
 5 shall be done in accordance with the standards specified in section 1 of  
 6 this chapter. The valuation and underlying data shall be certified by a  
 7 qualified actuary or, at the expense of the society, verified by the  
 8 actuary of the department of insurance of the state of domicile of the  
 9 society.

10 (d) A society neglecting to file the annual statement in the form and  
 11 within the time provided by this section shall forfeit one hundred  
 12 dollars (\$100) for each day during which the neglect continues, and,  
 13 upon notice by the commissioner to that effect, its authority to do  
 14 business in Indiana shall cease while the default continues.

15 SECTION 88. IC 27-13-7-14.7, AS AMENDED BY P.L.188-2013,  
 16 SECTION 24, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2018]: Sec. 14.7. (a) As used in this section, "autism spectrum  
 18 disorder" means a neurological condition, including Asperger's  
 19 syndrome and autism, as defined in the ~~most recent edition of the~~  
 20 ~~Diagnostic and Statistical Manual of Mental Disorders. of the~~  
 21 ~~American Psychiatric Association.~~

22 (b) A group contract with a health maintenance organization that  
 23 provides basic health care services must provide services for the  
 24 treatment of an autism spectrum disorder of an enrollee. Services  
 25 provided to an enrollee under this subsection are limited to services  
 26 that are prescribed by the enrollee's treating physician in accordance  
 27 with a treatment plan. A health maintenance organization may not deny  
 28 or refuse to provide services to, or refuse to renew, refuse to reissue, or  
 29 otherwise terminate or restrict coverage under a group contract to  
 30 services to an individual solely because the individual is diagnosed  
 31 with an autism spectrum disorder.

32 (c) The services required under subsection (b) may not be subject  
 33 to dollar limits, deductibles, copayments, or coinsurance provisions  
 34 that are less favorable to an enrollee than the dollar limits, deductibles,  
 35 copayments, or coinsurance provisions that apply to physical illness  
 36 generally under the contract with the health maintenance organization.

37 (d) A health maintenance organization that enters into an individual  
 38 contract that provides basic health care services must offer to provide  
 39 services for the treatment of an autism spectrum disorder of an  
 40 enrollee. Services provided to an enrollee under this subsection are  
 41 limited to services that are prescribed by the enrollee's treating  
 42 physician in accordance with a treatment plan. A health maintenance



1 organization may not deny or refuse to provide services to, or refuse to  
 2 renew, refuse to reissue, or otherwise terminate or restrict coverage  
 3 under an individual contract to services to an individual solely because  
 4 the individual is diagnosed with an autism spectrum disorder.

5 (e) The services that must be offered under subsection (d) may not  
 6 be subject to dollar limits, deductibles, copayments, or coinsurance  
 7 provisions that are less favorable to an enrollee than the dollar limits,  
 8 deductibles, copayments, or coinsurance provisions that apply to  
 9 physical illness generally under the contract with the health  
 10 maintenance organization.

11 SECTION 89. IC 27-13-7-16 IS AMENDED TO READ AS  
 12 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 16. (a) As used in this  
 13 section, "prostate specific antigen test" means a standard blood test  
 14 performed to determine the level of prostate specific antigen in the  
 15 blood.

16 (b) Except as provided in subsection (f), a health maintenance  
 17 organization issued a certificate of authority in Indiana shall provide  
 18 prostate specific antigen testing as a covered service under every group  
 19 contract that provides coverage for basic health care services.

20 (c) Except as provided in subsection (f), the coverage required  
 21 under subsection (b) must include the following:

22 (1) At least one (1) prostate specific antigen test annually for a  
 23 male enrollee who is at least fifty (50) years of age.

24 (2) At least one (1) prostate specific antigen test annually for a  
 25 male enrollee who is less than fifty (50) years of age and who is  
 26 at high risk for prostate cancer according to ~~the most recent~~  
 27 ~~published guidelines~~ of the American Cancer Society **guidelines.**

28 (d) Except as provided in subsection (f), the coverage that a health  
 29 maintenance organization must provide under this section may not be  
 30 subject to a contract provision that is less favorable to an enrollee than  
 31 a contract provision applying to physical illness generally under the  
 32 health maintenance organization contract.

33 (e) Except as provided in subsection (f), the coverage that a health  
 34 maintenance organization must provide under this section is in addition  
 35 to services specifically provided for x-rays, laboratory testing, or  
 36 wellness examinations.

37 (f) In the case of coverage that is not employer based, the health  
 38 maintenance organization must offer to provide the coverage described  
 39 in subsections (b) through (e).

40 SECTION 90. IC 27-13-7-17 IS AMENDED TO READ AS  
 41 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 17. (a) As used in this  
 42 section, "colorectal cancer testing" means examinations and laboratory



1 tests for cancer for any nonsymptomatic enrollee, in accordance with  
2 the ~~current~~ American Cancer Society guidelines.

3 (b) Except as provided in subsection (e), a health maintenance  
4 organization issued a certificate of authority in Indiana shall provide  
5 colorectal cancer testing as a covered service under every group  
6 contract that provides coverage for basic health care services.

7 (c) For an enrollee who is:

8 (1) at least fifty (50) years of age; or

9 (2) less than fifty (50) years of age and at high risk for colorectal  
10 cancer according to ~~the most recent published guidelines of the~~

11 American Cancer Society **guidelines;**

12 the colorectal cancer testing required under this section must meet the  
13 requirements set forth in subsection (d).

14 (d) An enrollee may not be required to pay a copayment for the  
15 colorectal cancer examination and laboratory testing benefit that is  
16 greater than a copayment established for similar benefits under a group  
17 contract. If the group contract does not cover a similar covered service,  
18 the copayment may not be set at a level that materially diminishes the  
19 value of the colorectal cancer examination and laboratory testing  
20 benefit required under this section.

21 (e) In the case of coverage that is not employer based, the health  
22 maintenance organization is required only to offer to provide the  
23 colorectal cancer testing described in subsections (b) through (d) as a  
24 covered service under a proposed group contract providing coverage  
25 for basic health care services.

26 SECTION 91. IC 27-13-8-1.5 IS AMENDED TO READ AS  
27 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1.5. (a) Each health  
28 maintenance organization authorized to conduct business in Indiana  
29 and required to file an ~~annual statement~~ **Annual Statement Blank** with  
30 the department under this chapter shall prepare the health maintenance  
31 organization's statement:

32 (1) on the ~~National Association of Insurance Commissioners~~  
33 ~~(NAIC)~~ Annual Statement Blank;

34 (2) in accordance with ~~NAIC~~ Annual Statement Instructions; and

35 (3) following practices and procedures prescribed by the ~~most~~  
36 ~~recent NAIC~~ Accounting Practices and Procedures Manual.

37 (b) To the extent that the ~~NAIC~~ Annual Statement Instructions  
38 require disclosure under subsection (a) of compensation paid to or on  
39 behalf of a health maintenance organization's officers, directors, or  
40 employees, the information may be filed with the department as an  
41 exhibit separate from the ~~annual statement blank~~. **Annual Statement**  
42 **Blank**. The compensation information described under this subsection





1 shall be maintained by the department as confidential and may not be  
2 disclosed to the public under IC 5-14-3.

3 SECTION 92. IC 27-13-8-2, AS AMENDED BY P.L.18-2016,  
4 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
5 JULY 1, 2018]: Sec. 2. (a) In addition to the report required by section  
6 1 of this chapter, a health maintenance organization shall each year file  
7 with the commissioner the following:

8 (1) Audited financial statements of the health maintenance  
9 organization for the preceding calendar year prepared in  
10 conformity with statutory accounting practices prescribed or  
11 otherwise permitted by the department.

12 (2) A list of participating providers who provide health care  
13 services to enrollees or subscribers of the health maintenance  
14 organization.

15 (3) A description of the grievance procedure of the health  
16 maintenance organization:

17 (A) established under IC 27-13-10, including:

18 (i) the total number of grievances handled through the  
19 procedure during the preceding calendar year;

20 (ii) a compilation of the causes underlying those grievances;  
21 and

22 (iii) a summary of the final disposition of those grievances;  
23 and

24 (B) established under IC 27-13-10.1, including:

25 (i) the total number of external grievances handled through  
26 the procedure during the preceding calendar year;

27 (ii) a compilation of the causes underlying those grievances;  
28 and

29 (iii) a summary of the final disposition of those grievances;  
30 for each independent review organization used by the health  
31 maintenance organization during the reporting year.

32 (4) The percentage of providers credentialed by the health  
33 maintenance organization according to the ~~most current standards~~  
34 ~~or guidelines, if any, developed by the National Committee on~~  
35 ~~Quality Assurance or a successor organization.~~ **standards or**  
36 **guidelines.**

37 (5) The RBC report required under IC 27-1-36-25.

38 (6) The health maintenance organization's Health Plan Employer  
39 Data and Information Set (HEDIS) data.

40 (b) The information required by subsection (a)(2) through (a)(5)  
41 must be filed with the commissioner on or before March 1 of each year.  
42 The audited financial statements required by subsection (a)(1) must be



1 filed with the commissioner on or before June 1 of each year. The  
 2 health maintenance organization's HEDIS data required by subsection  
 3 (a)(6) must be filed with the commissioner on or before July 1 of each  
 4 year. The commissioner shall:

5 (1) make the information required to be filed under this section  
 6 available to the public; and

7 (2) prepare an annual compilation of the data required under  
 8 subsection (a)(3), (a)(4), and (a)(6) that allows for comparative  
 9 analysis.

10 (c) Upon a determination by a health maintenance organization's  
 11 auditor that the health maintenance organization:

12 (1) does not meet the requirements of IC 27-13-12-3; or

13 (2) is in the condition described in IC 27-13-24-1(a)(5);

14 the health maintenance organization shall notify the commissioner  
 15 within five (5) business days after the auditor's determination.

16 (d) The commissioner may require any additional reports as are  
 17 necessary and appropriate for the commissioner to carry out the  
 18 commissioner's duties under this article.

19 (e) The commissioner shall do the following:

20 (1) Compile and analyze complaints received by the department  
 21 concerning a denial of coverage under an individual contract or  
 22 a group contract for:

23 (A) an investigational or experimental treatment; or

24 (B) a treatment not considered to be medically necessary for  
 25 an enrollee.

26 (2) If the commissioner determines that a pattern of denials of  
 27 coverage is evident through the analysis performed under  
 28 subdivision (1), report the pattern to the legislative council in an  
 29 electronic format under IC 5-14-6.

30 (3) Remove from a report made under subdivision (2) any  
 31 information that could be used to identify an individual.

32 SECTION 93. IC 27-13-8-3 IS AMENDED TO READ AS  
 33 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) This section  
 34 applies to a domestic health maintenance organization that is  
 35 authorized to transact business in Indiana.

36 ~~(b) As used in this section, "NAIC" refers to the National~~  
 37 ~~Association of Insurance Commissioners.~~

38 ~~(c)~~ **(b)** On or before March 1 of each year, a health maintenance  
 39 organization shall file with the ~~National Association of Insurance~~  
 40 ~~Commissioners~~ **NAIC** and with the department a copy of the health  
 41 maintenance organization's ~~annual statement convention blank~~ **Annual**  
 42 **Statement Blank** and additional filings prescribed by the



1 commissioner for the preceding year. A health maintenance  
 2 organization shall also file quarterly statements with the NAIC and  
 3 with the department, on or before May 15, August 15, and November  
 4 15 of each year, in a form prescribed by the commissioner. The  
 5 information filed with the NAIC under this subsection:

6 (1) must be:

7 (A) in the same format; and

8 (B) of the same scope;

9 as is required by the commissioner under section 1 of this chapter;

10 (2) to the extent required by the NAIC, must include the signed  
 11 jurat page and the actuarial certification; and

12 (3) must be filed electronically in accordance with NAIC  
 13 electronic filing specifications.

14 The commissioner may, for good cause shown, grant an exemption  
 15 from the requirement of this section to domestic health maintenance  
 16 organizations that operate only in Indiana. If a health maintenance  
 17 organization files any amendment or addendum to the health  
 18 maintenance organization's ~~annual statement convention blank~~ **Annual**  
 19 **Statement Blank** or quarterly statement with the commissioner, the  
 20 health maintenance organization shall also file a copy of the  
 21 amendment or addendum with the NAIC. Annual **Statement Blanks**  
 22 and quarterly financial statements are considered filed with the NAIC  
 23 when delivered to the address designated by the NAIC for the filings,  
 24 regardless of whether the filing is accompanied by any applicable fee.

25 ~~(d)~~ (c) The commissioner may, for good cause shown, grant a health  
 26 maintenance organization an extension of time for the filing required  
 27 by subsection ~~(c)~~: (b).

28 ~~(e)~~ (d) In the absence of actual malice:

29 (1) members of the NAIC;

30 (2) duly authorized committees, subcommittees, and task forces  
 31 of members of the NAIC;

32 (3) delegates of members of the NAIC;

33 (4) employees of the NAIC; and

34 (5) other persons responsible for collecting, reviewing, analyzing,  
 35 and disseminating information developed from the filing of

36 ~~annual statement convention blanks~~ **Annual Statement Blanks**  
 37 under this section;

38 shall be considered to be acting as agents of the commissioner under  
 39 the authority of this section and are not subject to civil liability for  
 40 libel, slander, or any other cause of action by virtue of the collection,  
 41 review, analysis, or dissemination of the data and information collected  
 42 from the filings required by this section.



1           ~~(f)~~ (e) The commissioner may suspend, revoke, or refuse to renew  
 2 the certificate of authority of a health maintenance organization that  
 3 fails to file the health maintenance organization's ~~annual statement~~  
 4 ~~convention blank~~ **Annual Statement Blank** or quarterly statements  
 5 with the NAIC or with the department within the time allowed by  
 6 subsection (b) or (c). ~~or (d)~~.

7           SECTION 94. IC 27-13-23-6 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 6. Instead of  
 9 conducting an examination of a health maintenance organization that  
 10 is not domiciled in Indiana, the commissioner may accept the report of  
 11 an examination made by the insurance commissioner of another state  
 12 if the other state is accredited by the ~~National Association of Insurance~~  
 13 ~~Commissioners.~~ **NAIC.**

14           SECTION 95. IC 27-13-33-2 IS AMENDED TO READ AS  
 15 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. If a health  
 16 maintenance organization adopts a coordination of benefits provision,  
 17 the provision must be consistent with the coordination of benefits  
 18 provisions of 760 IAC 1-38.1. ~~as it may be amended or replaced from~~  
 19 ~~time to time.~~

20           SECTION 96. IC 27-13-34-14 IS AMENDED TO READ AS  
 21 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 14. (a) The  
 22 commissioner may examine a limited service health maintenance  
 23 organization as often as is reasonably necessary to protect the interests  
 24 of Indiana citizens. However, an examination of a limited service  
 25 health maintenance organization domiciled in Indiana must be  
 26 conducted at least one (1) time every three (3) years.

27           (b) A limited service health maintenance organization:

28           (1) shall make its relevant books and records, and the books and  
 29 records in its custody and control, available for examination under  
 30 this section; and

31           (2) in every way cooperate with the commissioner to facilitate the  
 32 examination.

33           (c) The expenses of an examination under this section shall be paid  
 34 by the organization being examined.

35           (d) Instead of conducting an examination of a limited service health  
 36 maintenance organization that is not domiciled in Indiana, the  
 37 commissioner may accept the report of an examination made by the  
 38 chief administrative officer who regulates insurance in another state,  
 39 if the other state is accredited by the ~~National Association of Insurance~~  
 40 ~~Commissioners.~~ **NAIC.**

41           SECTION 97. IC 27-13-34-26 IS AMENDED TO READ AS  
 42 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 26. (a) The department



1 shall maintain records concerning complaints filed against a limited  
 2 service health maintenance organization that provides dental care  
 3 services.

4 (b) The department shall classify complaints described in subsection  
 5 (a) in categories according to the ~~National Association of Insurance~~  
 6 ~~Commissioners NAIC~~ standardized complaint report procedures **or**  
 7 **standardized complaint report procedures established by the**  
 8 **department in rules adopted under IC 4-22-2.**

9 (c) The department shall classify the disposition of complaints in  
 10 each category by:

11 (1) number of complaints for which corrective action is  
 12 considered necessary by the department; and

13 (2) number of complaints classified by ~~National Association of~~  
 14 ~~Insurance Commissioners NAIC~~ disposition codes **or**  
 15 **standardized disposition codes established by the department**  
 16 **in rules adopted under IC 4-22-2.**

17 (d) The department shall make information specified in this section  
 18 available to the public in a form that does not identify any specific  
 19 individual.

20 (e) A limited service health maintenance organization that provides  
 21 dental care services may not take any retaliatory action, including  
 22 cancellation or refusal to renew a participating provider contract,  
 23 individual contract, or group contract, solely because a participating  
 24 provider, enrollee, or individual or group contract holder files a  
 25 complaint against the limited service health maintenance organization.

26 SECTION 98. IC 27-13-36-1 IS AMENDED TO READ AS  
 27 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. (a) Each health  
 28 maintenance organization shall appoint a medical director who has an  
 29 unlimited license to practice medicine under IC 25-22.5 or an  
 30 equivalent license issued by another state.

31 (b) The medical director is responsible for oversight of treatment  
 32 policies, protocols, quality assurance activities, and utilization  
 33 management decisions of the health maintenance organization.

34 (c) A health maintenance organization shall contract with or employ  
 35 at least one (1) individual who holds an unlimited license to practice  
 36 medicine under IC 25-22.5 to do the following:

37 (1) Develop, in consultation with a group of appropriate  
 38 providers, the health maintenance organization's treatment  
 39 policies, protocols, and quality assurance activities.

40 (2) Consult with the treating provider before an adverse  
 41 utilization review decision is made.

42 (d) Compliance with ~~the most current standards or guidelines~~



1 ~~developed by the National Committee on Quality Assurance or a~~  
 2 ~~successor organization standards or guidelines~~ is sufficient to meet  
 3 the requirements of this section.

4 SECTION 99. IC 27-13-36-2 IS AMENDED TO READ AS  
 5 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. Beginning July 1,  
 6 1999, each health maintenance organization shall include a sufficient  
 7 number and type of primary care providers and other appropriate  
 8 providers throughout the health maintenance organization's service area  
 9 to:

10 (1) meet the needs of; and

11 (2) provide a choice of primary care providers and other  
 12 appropriate providers to;

13 enrollees and subscribers of the health maintenance organization.  
 14 Compliance with ~~the most current standards or guidelines developed~~  
 15 ~~by the National Committee on Quality Assurance or a successor~~  
 16 ~~organization standards or guidelines~~ is sufficient to meet the  
 17 requirements of this section.

18 SECTION 100. IC 27-13-36-3 IS AMENDED TO READ AS  
 19 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) The provisions  
 20 of this section do not apply until July 1, 1999.

21 (b) Each health maintenance organization shall demonstrate to the  
 22 department that the health maintenance organization offers an adequate  
 23 number of:

24 (1) acute care hospital services;

25 (2) primary care providers; and

26 (3) other appropriate providers;

27 that are located within a reasonable proximity of subscribers of the  
 28 health maintenance organization. Compliance with ~~the most current~~  
 29 ~~standards or guidelines developed by the National Committee on~~  
 30 ~~Quality Assurance or a successor organization standards or guidelines~~  
 31 is sufficient to meet the requirements of this subsection.

32 (c) If a health maintenance organization provides coverage for:

33 (1) specialty medical services, including physical therapy,  
 34 occupational therapy, and rehabilitation services;

35 (2) mental and behavioral care services; or

36 (3) pharmacy services;

37 the health maintenance organization shall demonstrate to the  
 38 department that the offered services are located within a reasonable  
 39 proximity of subscribers of the health maintenance organization.  
 40 Compliance with ~~the most current standards or guidelines developed~~  
 41 ~~by the National Committee on Quality Assurance or a successor~~  
 42 ~~organization standards or guidelines~~ is sufficient to meet the



1 requirements of this subsection.  
2 SECTION 101. IC 27-13-41-1 IS AMENDED TO READ AS  
3 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 1. Not more than ninety  
4 (90) days after the ~~effective~~ date of **the version specified in**  
5 **IC 27-1-1.5** of a diagnostic or procedure code described in this section:  
6 (1) a health maintenance organization and a limited service health  
7 maintenance organization shall begin using the ~~most current~~  
8 version **specified in IC 27-1-1.5** of the:  
9 (A) ~~current procedural terminology~~ **Current Procedural**  
10 **Terminology (CPT)**;  
11 (B) ~~international classification of diseases~~ **International**  
12 **Classification of Diseases (ICD)**;  
13 (C) American Psychiatric Association's Diagnostic and  
14 Statistical Manual of Mental Disorders (DSM);  
15 (D) ~~current dental terminology~~ **Current Dental Terminology**  
16 (CDT);  
17 (E) Healthcare ~~common procedure coding system~~ **Common**  
18 **Procedure Coding System (HCPCS)**; and  
19 (F) third party administrator (TPA);  
20 codes under which the health maintenance organization and  
21 limited service health maintenance organization pay claims for  
22 health care services covered under an individual contract or a  
23 group contract; and  
24 (2) a provider shall begin using the ~~most current~~ version **specified**  
25 **in IC 27-1-1.5** of the:  
26 (A) ~~current procedural terminology~~ **Current Procedural**  
27 **Terminology (CPT)**;  
28 (B) ~~international classification of diseases~~ **International**  
29 **Classification of Diseases (ICD)**;  
30 (C) American Psychiatric Association's Diagnostic and  
31 Statistical Manual of Mental Disorders (DSM);  
32 (D) ~~current dental terminology~~ **Current Dental Terminology**  
33 (CDT);  
34 (E) Healthcare ~~common procedure coding system~~ **Common**  
35 **Procedure Coding System (HCPCS)**; and  
36 (F) third party administrator (TPA);  
37 codes under which the provider submits claims for payment for  
38 health care services covered under an individual contract or a  
39 group contract.  
40 SECTION 102. IC 27-13-41-2 IS AMENDED TO READ AS  
41 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 2. If a provider  
42 provides health care services that are covered under an individual



1 contract or a group contract:  
2 (1) after the ~~effective date of the most current version of the~~  
3 **version specified in IC 27-1-1.5** of a diagnostic or procedure  
4 code described in section 1 of this chapter; and  
5 (2) before the health maintenance organization or limited service  
6 health maintenance organization begins using the ~~most current~~  
7 version of the diagnostic or procedure code;  
8 the health maintenance organization or limited service health  
9 maintenance organization shall reimburse the provider under the  
10 version of the diagnostic or procedure code that was ~~in effect~~ **specified**  
11 **in IC 27-1-1.5** on the date that the health care services were provided.  
12 SECTION 103. IC 27-14-1-18 IS AMENDED TO READ AS  
13 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 18. "Internal Revenue  
14 Code" refers to the Internal Revenue Code of 1986, ~~as amended: (26~~  
15 **U.S.C. 1 et seq.)**.  
16 SECTION 104. IC 27-15-2-3 IS AMENDED TO READ AS  
17 FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 3. (a) The board of  
18 directors of the converting mutual may adopt a simple plan of  
19 conversion under this section. The simple plan of conversion must  
20 include the following:  
21 (1) The distribution to the eligible members, upon the  
22 extinguishing of their membership interests, of all of the initial  
23 issue of the voting common stock of the former mutual or any  
24 parent company. The initial issue of the voting common stock  
25 may include only one (1) class of stock, and may not include more  
26 than one (1) series of stock.  
27 (2) Describe the manner in which the proposed conversion will  
28 occur and the insurance and any other companies that will result  
29 from or be directly affected by the conversion, including the  
30 former mutual and any parent company.  
31 (3) Provide that the membership interests in the converting  
32 mutual will be extinguished as of the effective date of the  
33 conversion.  
34 (4) Provide for the registration of that distribution of stock under  
35 section 5 of the federal Securities Act of 1933 ~~as amended: (15~~  
36 **U.S.C. 77e)**.  
37 (5) Specify each separate class, category, or group of eligible  
38 members, and describe and explain any differences in the amount  
39 of stock to be distributed to or among the eligible members of  
40 each separate class, category, or group of eligible members.  
41 (6) Require and describe the method or formula for the fair and  
42 equitable allocation of the stock among the eligible members.





- 1 (7) Provide for the determination and preservation of the
- 2 reasonable dividend expectations of eligible members and other
- 3 policyholders with policies that provide for the distribution of
- 4 policy dividends, through the establishment of a closed block or
- 5 other method acceptable to the commissioner.
- 6 (b) The plan may include other provisions:
- 7 (1) that the converting mutual determines to be necessary; and
- 8 (2) consistent with this title.
- 9 SECTION 105. IC 27-16-2-13, AS ADDED BY P.L.245-2005,
- 10 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 11 JULY 1, 2018]: Sec. 13. (a) "Professional employer organization" or
- 12 "PEO" means a person engaged in the business of providing
- 13 professional employer services.
- 14 (b) The term does not include the following:
- 15 (1) An arrangement through which a person:
- 16 (A) whose principal business activity is an activity other than
- 17 entering into professional employer agreements; and
- 18 (B) that does not hold the person out as a professional
- 19 employer organization;
- 20 shares employees with a commonly owned company within the
- 21 meaning of Section 414(b) and 414(c) of the Internal Revenue
- 22 Code of 1986 as amended. **(26 U.S.C. 414(b) and 26 U.S.C.**
- 23 **414(c)).**
- 24 (2) An independent contractor arrangement through which a
- 25 person:
- 26 (A) assumes responsibility for a product produced or a service
- 27 performed by the person or the person's agent; and
- 28 (B) retains and exercises primary direction and control over
- 29 the work performed by an individual whose services are
- 30 supplied under the independent contractor arrangement.
- 31 (3) The provision of temporary help services.
- 32 SECTION 106. IC 27-18-1-22, AS ADDED BY P.L.111-2011,
- 33 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 34 JULY 1, 2018]: Sec. 22. "NRRA" refers to the federal Nonadmitted and
- 35 Reinsurance Reform Act of 2010 (~~Subtitle B of Title V of~~
- 36 ~~P.L.111-203~~). **(15 U.S.C. 8201 et seq.).**
- 37 SECTION 107. IC 27-18-1-26, AS ADDED BY P.L.111-2011,
- 38 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 39 JULY 1, 2018]: Sec. 26. "Purchasing group" means a group that:
- 40 (1) is formed under the federal Liability Risk Retention Act of
- 41 1986 **(15 U.S.C. 3901 et seq.);**
- 42 (2) has as one (1) of the group's purposes the purchase of liability



1 insurance on a group basis;  
2 (3) purchases liability insurance only:  
3 (A) for the members of the group; and  
4 (B) to cover the members' similar or related liability exposure;  
5 (4) is composed of members with similar or related business or  
6 activity liability exposure due to the members' related, similar, or  
7 common:  
8 (A) business;  
9 (B) trade;  
10 (C) product;  
11 (D) services;  
12 (E) premises; or  
13 (F) operations; and  
14 (5) is domiciled in any state.



## COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 341, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 1, delete lines 5 through 17.

Page 2, delete lines 1 through 4, begin a new paragraph and insert:

**"Sec. 1. (a) This section does not apply to a reference in this title to either of the following:**

- (1) An Indiana statute.**
- (2) An Indiana administrative rule.**

**(b) If a document to which a provision of this title refers is amended after the later of:**

- (1) the date of publication of the version of the document that is referenced in this title; or**
- (2) January 1, 2018;**

**the commissioner may adopt a rule under IC 4-22-2 to incorporate in the Indiana Administrative Code the amended document.**

**(c) An amended document incorporated by a rule described in subsection (b) is considered to have been incorporated into state law beginning on the effective date of the rule for purposes of regulation of the business of insurance in Indiana.**

**(d) A rule described in subsection (b) must include the following:**

- (1) The date of the version of the amended document that is incorporated into state law by reference under the rule.**
- (2) Any other identifying information for the amended document.**
- (3) Contact information, including the physical address, of the publisher of the amended document.**
- (4) The location at which the amended document is available to the public under section 5 of this chapter.**
- (5) The contact information of the individual to whom a request may be made for public access to the amended document.**

**(e) The commissioner shall, not later than October 31 of each year, present to the interim study committee on financial institutions and insurance established by IC 2-5-1.3-4 any rule described in subsection (b) that was adopted during the preceding twelve (12) month period. A presentation required by this subsection must include a written report that:**

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(1) is submitted in an electronic format under IC 5-14-6; and  
 (2) describes each amendment to each amended document that was incorporated into state law by reference under the rule.

(f) An amendment to a document to which a provision of this title refers:

- (1) that is made after the later of:
  - (A) the date of publication of the version of the document that is referenced in this title; or
  - (B) January 1, 2018; and
- (2) is not incorporated into state law by:
  - (A) an act of the general assembly making reference to the amendment in this title; or
  - (B) the commissioner's adoption of a rule as described in this section;

is not considered to be incorporated into state law for purposes of the regulation of the business of insurance in Indiana."

Page 2, line 17, delete "title," and insert "**title or a rule described in section 1 of this chapter,**".

Page 2, line 32, delete "title," and insert "**title or a rule described in section 1 of this chapter,**".

Page 7, line 17, delete "Handbook." and insert "**Handbook, whichever is applicable.**".

Page 9, line 12, delete "Ratios Manual".

Page 9, line 15, reset in roman "by".

Page 9, line 15, delete "according to".

Page 9, line 17, delete "Ratios Manual".

Page 10, between lines 23 and 24, begin a new paragraph and insert:  
 "SECTION 8. IC 27-1-3.5-12, AS AMENDED BY P.L.146-2015, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2018]: Sec. 12. (a) A domestic insurer required by this chapter to file an annual audited financial report with the commissioner shall also furnish the commissioner with a written communication describing any unremediated material weaknesses (as defined by the NAIC Statement on Auditing Standard 60, Communication of Internal Control Related Matters Noted in an Audit) **in the Accounting Practices and Procedures Manual** in the domestic insurer's internal control over financial reporting as of the December 31 immediately preceding the audit (coinciding with the domestic insurer's annual audited financial report), noted during the audit. If no unremediated material weaknesses are noted during the audit, the communication must reflect that fact.



(b) The written communication required under subsection (a) must be prepared not later than sixty (60) days after the filing of the annual audited financial report.

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

Page 58, line 29, delete "department." and insert "department **in rules adopted under IC 4-22-2**."

Page 59, line 11, delete "department." and insert "department **in rules adopted under IC 4-22-2**."

Page 60, line 1, delete "department." and insert "department **in rules adopted under IC 4-22-2**."

Page 63, line 14, strike "National".

Page 63, line 15, strike "Association of Insurance Commissioners," and insert "NAIC,".

Page 63, line 16, strike "by regulation promulgated".

Page 63, line 16, after "commissioner" insert "**in rules adopted under IC 4-22-2**".

Page 64, line 2, strike "by regulation".

Page 64, line 3, strike "promulgated".

Page 64, line 3, after "commissioner" insert "**in rules adopted under IC 4-22-2**".

Page 75, line 20, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 75, line 24, delete "commissioner;" and insert "commissioner **in rules adopted under IC 4-22-2**;".

Page 76, line 26, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 77, line 2, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 77, line 18, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 77, line 31, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 78, line 2, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 78, line 16, delete "commissioner." and insert "commissioner **in rules adopted under IC 4-22-2**".

Page 86, line 2, after "Procedures" insert "**Manual**".

Page 86, line 2, strike "Securities Valuation Office of the National".

Page 86, line 3, strike "Association of Insurance Commissioners."



Page 86, line 4, after "publication." insert "**NAIC Investment Analysis Office.**".

Page 119, line 42, after "NAIC;" insert "**and**".

Page 177, line 5, after "Table," insert "**the Commissioner's 2017 Standard Mortality Table,**".

Page 177, line 5, reset in roman "any more recent".

Page 177, line 6, reset in roman "table made applicable to life".

Page 177, line 6, delete "insurers, the Commissioner's 2017".

Page 177, line 7, delete "Standard Mortality Table," and insert "**insurers and approved by the commissioner in rules adopted under IC 4-22-2,**".

Page 177, line 22, after "Table," insert "**the Commissioner's 2017 Standard Mortality Table,**".

Page 177, line 22, reset in roman "any more recent table made".

Page 177, line 23, reset in roman "applicable to life".

Page 177, line 23, delete "insurers. the Commissioner's 2017 Standard".

Page 177, line 24, delete "Mortality Table" and insert "**insurers and approved by the commissioner in rules adopted under IC 4-22-2.**".

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 341 as introduced.)

PERFECT, Chairperson

Committee Vote: Yeas 8, Nays 0.

