

PREVAILED	Roll Call No. _____
FAILED	Ayes _____
WITHDRAWN	Noes _____
RULED OUT OF ORDER	

HOUSE MOTION _____

MR. SPEAKER:

I move that Engrossed Senate Bill 233 be amended to read as follows:

- 1 Page 3, between lines 5 and 6, begin a new paragraph and insert:
- 2 "SECTION 6. IC 23-2-1-1 IS AMENDED TO READ AS
- 3 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1. As used in this
- 4 chapter, unless the context otherwise requires:
- 5 (a) "Commissioner" means the securities commissioner provided
- 6 for in ~~IC 23-2-1-15(a)~~: **section 15(a) of this chapter.**
- 7 (b) "Agent" means an individual, other than a broker-dealer, who
- 8 represents a broker-dealer or issuer in effecting or attempting to effect
- 9 purchases or sales of securities. A partner, officer, or director of a
- 10 broker-dealer or issuer or a person occupying a similar status or
- 11 performing similar functions is an agent only if the person effects or
- 12 attempts to effect a purchase or sale of securities in Indiana. "Agent"
- 13 does not include an individual who represents an issuer in:
- 14 (1) effecting transactions in a security exempted by section
- 15 2(a)(1), 2(a)(2), 2(a)(3), 2(a)(6), 2(a)(7), or 2(a)(10) of this
- 16 chapter;
- 17 (2) effecting transactions exempted by section 2(b) of this
- 18 chapter;
- 19 (3) effecting transactions with existing employees, partners, or
- 20 directors of the issuer, if no commission or other remuneration
- 21 is paid or given directly or indirectly for soliciting a person in
- 22 Indiana; or
- 23 (4) effecting transactions in Indiana limited to those transactions
- 24 described in Section 15(h)(2) of the Securities Exchange Act of
- 25 1934 (15 U.S.C. 78o).
- 26 (c) "Broker-dealer" means a person engaged in the business of
- 27 effecting offers, sales, or purchases of securities for the account of

1 others or for the person's own account. "Broker-dealer" does not
2 include:

3 (1) an agent;
4 (2) an issuer with respect to the offer or sale of the issuer's own
5 securities;

6 (3) a bank, savings institution, or trust company; or

7 (4) a person who has no place of business in Indiana if the
8 person effects transactions in Indiana exclusively with:

9 (i) the issuers of the securities involved in the transactions;

10 (ii) other broker-dealers; or

11 (iii) banks, savings institutions, trust companies, insurance
12 companies, investment companies (as defined in the
13 Investment Company Act of 1940, as in effect on December
14 31, 1990), pension or profit-sharing trusts, or other financial
15 institutions or institutional buyers, whether acting for
16 themselves or as trustees, whether or not the offeror or any
17 of the offerees is then present in Indiana.

18 (d) "Fraud", "fraudulent", "deceit", and "defraud" mean a
19 misrepresentation of a material fact, a promise or representation or
20 prediction not made honestly or in good faith, or the failure to disclose
21 a material fact necessary in order to make the statements made, in the
22 light of the circumstances under which they were made, not
23 misleading. This definition does not limit or diminish the full meaning
24 of those terms as applied by or defined in courts of law or equity. These
25 terms are not limited to common law deceit.

26 (e) "Guaranteed" means guaranteed as to payment of principal,
27 interest, or dividends.

28 (f) "Issuer" means a person who issues or proposes to issue a
29 security, except that with respect to certificates of deposit, voting-trust
30 certificates, or collateral-trust certificates, or with respect to certificates
31 of interest or shares in an unincorporated investment trust not having
32 a board of directors or person performing similar functions or of the
33 fixed, restricted management, or unit type. The term "issuer" means the
34 person or persons performing the acts and assuming the duties of
35 depository or manager pursuant to the provisions of the trust or other
36 agreement or instrument under which the security is issued.

37 (g) "Nonissuer" means not directly or indirectly for the benefit of
38 the issuer.

39 (h) "Person" means an individual, a corporation, a limited liability
40 company, a partnership, an association, a joint-stock company, a trust
41 where the interests of the beneficiaries are evidenced by a security, an
42 unincorporated organization, a government, or a political subdivision
43 of a government.

44 (i)(1) "Sale" or "sell" means a contract of sale of, contract to sell,
45 or disposition of, a security, or interest in a security for value.

46 (2) "Offer" or "offer to sell" means an attempt or offer to dispose
47 of, or solicitation of an offer to purchase, a security, or interest in a
48 security for value.

49 (3) "Transaction" and "transactions" include the meanings of
50 "sale", "sell", "offer", "offer to sell", and "purchase".

51 (4) "Purchase" means an acquisition, direct or indirect, of a

1 security or an interest in a security for value.

2 (5) A security given or delivered with, or as a bonus on account of,
3 a purchase of securities or any other thing is considered to constitute
4 part of the subject of the purchase and to have been offered and sold for
5 value.

6 (6) A purported gift of assessable stock is considered to involve an
7 offer and sale.

8 (7) A sale or offer of a warrant or right to purchase or subscribe to
9 another security of the same or another issuer, as well as a sale or offer
10 of a security that gives the holder a present or future right or privilege
11 to convert into another security of the same or another issuer, is
12 considered to include an offer of the other security.

13 (8) The terms defined in this subsection do not include:

14 (i) a bona fide secured transaction in or loan of outstanding
15 securities;

16 (ii) a stock dividend, whether the corporation distributing the
17 dividend is the issuer of the stock or not, if nothing of value is
18 given by the stockholders for the dividend other than the
19 surrender of a right to a cash or property dividend when each
20 stockholder may elect to take the dividend in cash or property or
21 in stock; or

22 (iii) an act incident to a judicially approved reorganization in
23 which a security is issued in exchange for one (1) or more
24 outstanding securities, claims, or property interests, or partly in
25 such exchange and partly for cash.

26 (j) "Securities Act of 1933", "Securities Exchange Act of 1934",
27 "Public Utility Holding Company Act of 1935", and "Investment
28 Company Act of 1940" mean the federal statutes of those names, as in
29 effect on December 31, 1990.

30 (k) "Security" means a note, stock, treasury stock, bond, debenture,
31 evidence of indebtedness, an interest in a limited liability company or
32 limited liability partnership and any class or series of an interest in a
33 limited liability company or limited liability partnership (including any
34 fractional or other interest in an interest in a limited liability company
35 or limited liability partnership), certificate of interest or participation
36 in a profit-sharing agreement, commodity futures contract, option, put,
37 call, privilege, or other right to purchase or sell a commodity futures
38 contract, margin accounts for the purchase of commodities or
39 commodity futures contracts, collateral-trust certificate,
40 preorganization certificate or subscription, transferable share,
41 investment contract, **viatical settlement contract, any fractional or**
42 **pooled interest in a viatical settlement contract**, voting-trust
43 certificate, certificate of deposit for a security, certificate of interest or
44 participation in an oil, gas, or mining title or lease or in payments out
45 of production under the title or lease, an automatic extension or
46 rollover of an existing security, or, in general, an interest or instrument
47 commonly known as a "security", or a certificate of interest or
48 participation in, temporary or interim certificate for, receipt for,
49 guarantee of, or warrant, option, or right to subscribe to or purchase,

- 1 any of the foregoing. "Security" does not include:
- 2 (i) (1) an insurance or endowment policy or annuity contract
- 3 under which an insurance company promises to pay money
- 4 either in a lump sum or periodically for life or some other
- 5 specified period;
- 6 (ii) (2) a contract or trust agreement under which money is paid
- 7 pursuant to a charitable remainder annuity trust or a charitable
- 8 remainder unitrust (described in Section 664 of the Internal
- 9 Revenue Code), or a pooled income fund (described in Section
- 10 642(c)(5) of the Internal Revenue Code) or an annuity contract
- 11 under which the purchaser receives a charitable contribution
- 12 deduction under Section 170 of the Internal Revenue Code; or
- 13 (iii) (3) an interest in a limited liability company or limited
- 14 liability partnership if the person claiming that the interest is not
- 15 a security can prove that all of the members of the limited
- 16 liability company or limited liability partnership are actively
- 17 engaged in the management of the limited liability company or
- 18 limited liability partnership.
- 19 (l) "State" means a state, territory, or possession of the United
- 20 States, the District of Columbia, and Puerto Rico.
- 21 (m) Corporations are "affiliated" during a period of time when
- 22 either is the owner of shares of the other representing and possessing
- 23 fifty percent (50%) or more of the total combined voting power of all
- 24 classes of stock issued by the other corporation and then outstanding
- 25 and entitled to vote.
- 26 (n) "Investment adviser" means a person who holds himself out to
- 27 be an investment adviser, or who, for compensation, engages in the
- 28 business of advising others, either directly or through publications or
- 29 writings, as to the value of securities or as to the advisability of
- 30 investing in, purchasing, or selling securities, or who, for compensation
- 31 and as a part of a regular business, issues and promulgates analyses or
- 32 reports concerning securities. "Investment adviser" does not include
- 33 any of the following:
- 34 (1) A bank, savings institution, or trust company.
- 35 (2) A lawyer, an accountant, an engineer, or a teacher whose
- 36 performance of these services is solely incidental to the practice
- 37 of the person's profession.
- 38 (3) A broker-dealer or its agent whose performance of these
- 39 services is solely incidental to the conduct of the broker-dealer's
- 40 business as a broker-dealer and who receives no special
- 41 compensation for them.
- 42 (4) A publisher of a bona fide newspaper, news column,
- 43 newsletter, news magazine, or business or financial publication
- 44 or service, by whatever means communicated, that does not
- 45 render advice on the specific investment situation of individual
- 46 clients.
- 47 (5) An investment adviser representative.
- 48 (6) A person who is an investment adviser to an investment
- 49 company registered under the Investment Company Act of 1940

- 1 (15 U.S.C. 80a-1 et seq.).
- 2 (7) A person who is registered as an investment adviser under
- 3 Section 203 of the Investment Advisers Act of 1940 (15 U.S.C.
- 4 80b-3).
- 5 (8) A person who is excluded from the definition of investment
- 6 adviser under Section 202(a)(11) of the Investment Advisers Act
- 7 of 1940 (15 U.S.C. 80b-2).
- 8 (9) Other persons the commissioner may by rule or order
- 9 designate.
- 10 (o) "Transferable share" means a security representing an equity
- 11 interest in a corporation or business trust, but does not include the
- 12 shares of open-end investment companies (as defined by the
- 13 Investment Company Act of 1940, as in effect on December 31, 1990).
- 14 (p) A "qualified transfer agent" means:
- 15 (1) a bank whose deposits are insured by the Bank Insurance
- 16 Fund of the Federal Deposit Insurance Corporation; or
- 17 (2) a person, independent of the issuer, approved by the
- 18 commissioner by regulation or by individual order in specific
- 19 cases.
- 20 (q) "Investment adviser representative" means a person, except a
- 21 person in a clerical or ministerial position:
- 22 (1) who is employed by or associated with an investment adviser
- 23 registered under this chapter; or
- 24 (2) who has a place of business located in Indiana and is
- 25 employed by or associated with a person required to be
- 26 registered as an investment adviser under Section 203 of the
- 27 Investment Advisers Act of 1940 (15 U.S.C. 80b-3); and
- 28 (3) who:
- 29 (A) makes recommendations or otherwise renders advice
- 30 regarding securities;
- 31 (B) manages accounts or portfolios of clients;
- 32 (C) determines recommendations or advice that should be
- 33 given regarding securities;
- 34 (D) solicits, offers, or negotiates the sale of or sells
- 35 investment advisory services; or
- 36 (E) supervises employees who perform a duty described in
- 37 this subsection.
- 38 (r) "Accredited investor" means a person who is within any of the
- 39 following categories, or who the issuer reasonably believes is within
- 40 any of the following categories, at the time of the sale of securities to
- 41 the person:
- 42 (1) A person who meets the definition of "accredited investor"
- 43 (as defined under the Securities Act of 1933 in 17 CFR
- 44 230.215), and in any other rule or regulation modifying the
- 45 definition adopted by the Securities and Exchange Commission
- 46 as in effect on December 31, 1990.
- 47 (2) A person to whom an offer or sale may be made without
- 48 registration pursuant to section 2(b)(8) or 2(b)(9) of this chapter.
- 49 (3) Any other person the commissioner may designate by rule or
- 50 order.

1 (s) "Federal covered security" refers to a security described as a
 2 covered security in Section 18(b) of the Securities Act of 1933 (15
 3 U.S.C. 77r).

4 (t) **"Viatical settlement contract" means an agreement for the**
 5 **purchase, sale, assignment, transfer, devise, or bequest of a portion**
 6 **of a death benefit or ownership of a life insurance policy or**
 7 **contract for consideration that is less than the expected death**
 8 **benefit of the life insurance policy or contract. The term does not**
 9 **include the following:**

10 (1) **A loan by an insurer under the terms of a life insurance**
 11 **policy, including a loan secured by the cash value of a policy.**

12 (2) **An agreement with a bank, savings bank, savings and**
 13 **loan association, credit union, or other licensed lending**
 14 **institution that takes an assignment of a life insurance policy**
 15 **as collateral for a loan.**

16 (3) **The provision of accelerated death benefits by an insurer**
 17 **to an insured under the provisions of a life insurance**
 18 **contract.**

19 (4) **Agreements between an insurer and a reinsurer.**

20 (5) **An agreement by a person who enters into not more than**
 21 **one (1) such agreement in any five (5) year period to**
 22 **purchase a life insurance policy or contract for the transfer**
 23 **of a life insurance policy for a value that is less than the**
 24 **expected death benefit."**

25 Page 3, between lines 26 and 27, begin a new paragraph
 26 and insert:

27 "SECTION 8. IC 27-1-12-6 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. (a) No policy of
 29 life insurance, other than industrial insurance, group life insurance or
 30 reinsurance, bearing a date of issue which is the same as or later than
 31 a transition date to be selected by the company pursuant to section 12
 32 of this chapter, such transition date in no event to be later than January
 33 1, 1948, shall be delivered or issued for delivery in this state or issued
 34 by a company organized under the laws of this state unless the same
 35 shall provide the following:

36 (1) That all premiums shall be payable in advance, either at the
 37 home office of the company, or to an agent of the company, upon
 38 delivery of a receipt signed by one (1) or more of the officers
 39 who shall be designated in the policy.

40 (2) For a grace period of not less than thirty (30) days for the
 41 payment of every premium after the first premium, which may
 42 be subject to an interest charge, during which period the
 43 insurance shall continue in force; provided, that if the insured
 44 shall die within such period of grace the unpaid premium for the
 45 current policy year may be deducted in any settlement under the
 46 policy.

47 (3) That the policy, together with the application therefor, a copy
 48 of which application shall be attached to the policy and made a
 49 part thereof, shall constitute the entire contract between the

- 1 parties and shall:
 2 **(A) except as provided in clause (B),** be incontestable after
 3 it shall have been in force during the lifetime of the insured
 4 for two (2) years from its date, or, at the option of the
 5 company after it shall have been in force for two (2) years
 6 from its date; **and**
 7 **(B) in the event of fraud in connection with an**
 8 **application for life insurance benefits under a policy**
 9 **that is part of a viatical settlement contract (as defined**
 10 **in IC 27-8-19.8-6), be incontestable after the policy has**
 11 **been in force during the lifetime of the insured for six (6)**
 12 **years after the date of issue, or, at the option of the**
 13 **company after the policy has been in force for six (6)**
 14 **years after the date of issue;**
 15 except for nonpayment of premiums, and except for violation of
 16 the conditions of the policy relating to naval and military service
 17 in time of war, and at the option of the company provisions
 18 relative to benefits in the event of total and permanent disability
 19 and provisions which grant additional insurance specifically
 20 against death by accident may also be excepted.
 21 (4) That if the age of the insured and/or beneficiary, if that age
 22 enters into the determination of the premiums charged or
 23 benefits promised, has been misstated, the amount payable under
 24 the policy shall be such as the premium would have purchased
 25 at the correct age of the insured and/or beneficiary.
 26 (5) That all statements made by the insured in the application
 27 shall, in the absence of fraud, be deemed representations and not
 28 warranties.
 29 (6) That, in the case of participating policies, the policy shall
 30 participate in the surplus of the company as apportioned by the
 31 board of directors of the company, and that, beginning not later
 32 than the end of the fifth policy year, the company will determine
 33 and account for the portion of the divisible surplus so
 34 ascertained accruing on the policy, and that the owner of the
 35 policy shall have the right to have the current dividends arising
 36 from such participation paid in cash, and that at periods of not
 37 more than five (5) years, such accounting and payment at the
 38 option of the policyholder shall be had. The owner of the policy
 39 may elect to take any of the other dividend options in the policy.
 40 If the owner of the policy shall not elect any of the other
 41 dividend options provided in the policy, the apportioned
 42 dividends shall be held to the credit of the policy and be payable
 43 in cash at maturity of the policy or be withdrawable in cash at
 44 any anniversary of its date; provided, however, that if the policy
 45 shall contain a provision for an apportionment of the surplus at
 46 the end of the first policy year and annually thereafter, then and
 47 in that event, said policy may provide that each dividend shall be
 48 paid subject to the payment of the premium of the next ensuing
 49 year.
 50 (7) Nonforfeiture provisions in accordance with the requirements

1 of section 7 of this chapter.
2 (8) That the company, at any time while the policy is in force,
3 will loan, on the execution of a proper assignment of the policy,
4 and on the sole security thereof, at a specified rate of interest
5 (payable in advance if the company so elects), a sum, which,
6 together with the sum of:
7 (A) previously existing indebtedness, if any, including
8 interest thereon to the end of the current policy year; and
9 (B) interest to the end of the current policy year on the
10 amount newly loaned;
11 is equal to or, at the option of the insured, less than the cash
12 surrender value at the end of the current policy year as provided
13 for by the policy in accordance with the terms of section 7 of this
14 chapter; provided, that the company may, as a condition
15 precedent to the making of such loan, and at its own option,
16 require the payment of the unpaid balance, if any, of the
17 premium or premiums for the current policy year, and may
18 require the payment of interest in advance on the total loan to the
19 end of the current policy year. The policy may provide that, if
20 interest on the loan is not paid when due, it shall be added to the
21 existing loan and become a part thereof and bear interest at the
22 same rate as the loan. It shall further be stipulated in the policy
23 that failure to repay any such loan or pay interest thereon shall
24 not void the policy unless such total indebtedness to the
25 company shall equal or exceed such cash surrender value at the
26 time of such failure, nor until thirty (30) days after notice shall
27 have been mailed by the company to the last known address of
28 the insured and to the assignee, if any, if such assignee has
29 notified the company of his address. No condition other than as
30 provided in this subdivision shall be exacted as prerequisite to
31 any such loan. The company shall reserve the right to defer the
32 granting of any loan, except when made to pay premiums on a
33 policy or policies issued by it, for six (6) months after
34 application therefor is made. The provisions of this subdivision
35 shall not be required in term policies nor shall they apply to
36 paid-up insurance issued or granted in exchange for lapsed or
37 surrendered policies.
38 (9) That, should there have been default in premium payment
39 and the value of the policy applied to the extension of the
40 insurance, and such insurance be in force and the original policy
41 not surrendered to the company and canceled, the policy may be
42 reinstated within three (3) years from the due date of the
43 premium in default, upon evidence of insurability satisfactory to
44 the company and payment of arrears of premiums with interest.
45 (10) That when a policy shall become a claim by the death of the
46 insured, settlement shall be made upon receipt of due proof of
47 death and of the interest of the claimant and not later than two
48 (2) months after receipt of such proof.
49 (11) A title on the face and on the back of the policy describing
50 the same.

1 (b) Any of the provisions of subsection (a) not applicable to single
 2 premium policies shall to that extent not be incorporated therein. The
 3 provisions of subsection (a) shall not apply to policies issued on
 4 substandard, underaverage, or impaired risks. Any policy may be
 5 issued or delivered in this state which in the opinion of the department
 6 contains provisions on any one (1) or more of the several requirements
 7 of subsection (a) more favorable to the policyholder than those required
 8 in subsection (a).

9 SECTION 9. IC 27-1-12-41 IS AMENDED TO READ AS
 10 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 41. (a) A policy of
 11 group life insurance may not be delivered in Indiana unless it contains
 12 in substance:

13 (1) the provisions described in subsection (b); or

14 (2) provisions that, in the opinion of the commissioner, are:

15 (A) more favorable to the persons insured; or

16 (B) at least as favorable to the persons insured and more
 17 favorable to the policyholder;

18 than the provisions set forth in subsection (b).

19 (b) The provisions referred to in subsection (a)(1) are as follows:

20 (1) A provision that the policyholder is entitled to a grace period
 21 of thirty-one (31) days for the payment of any premium due
 22 except the first, during which grace period the death benefit
 23 coverage shall continue in force, unless the policyholder has
 24 given the insurer written notice of discontinuance in advance of
 25 the date of discontinuance and in accordance with the terms of
 26 the policy. The policy may provide that the policyholder is liable
 27 to the insurer for the payment of a pro rata premium for the time
 28 the policy was in force during the grace period.

29 (2) A provision that the validity of the policy may not be
 30 contested ~~except for nonpayment of premiums; after the policy~~
 31 ~~has been in force for two (2) years after its date of issue and that~~
 32 ~~no statement made by a person insured under the policy relating~~
 33 ~~to the person's insurability may be used in contesting the validity~~
 34 ~~of the insurance with respect to which the statement was made;~~
 35 ~~unless: except as provided in clause (A), (B), (C), or (D):~~

36 (A) ~~the insurance has not been in force for a period of two~~
 37 ~~(2) years or longer during the person's lifetime; or The~~
 38 **validity of a policy may be contested at any time for**
 39 **nonpayment of premiums.**

40 (B) ~~the statement is contained in a written instrument signed~~
 41 ~~by the insured person. The validity of a policy may be~~
 42 **contested based on a statement made by a person**
 43 **insured under the policy that relates to the person's**
 44 **insurability if:**

45 (i) **the statement is set forth in a written instrument**
 46 **signed by the insured; and**

47 (ii) **the policy has not been in force for two (2) years**
 48 **after the date of issue.**

49 (C) **The validity of a policy may be contested based on a**
 50 **statement made by a person insured under the policy**

1 **that relates to the person's insurability if:**

- 2 **(i) the policy has not been in force for at least two**
 3 **(2) years during the person's lifetime; and**
 4 **(ii) the policy has not been in force for two (2) years**
 5 **after its date of issue.**

6 **(D) The validity of a policy that is part of a viatical**
 7 **settlement contract (as defined in IC 27-8-19.8-6) may**
 8 **be contested on the grounds of fraud in connection with**
 9 **an application for life insurance benefits under the**
 10 **policy until the policy has been in force for six (6) years**
 11 **after the date of issue.**

12 However, a provision under this subdivision may not preclude
 13 the assertion at any time of defenses based upon provisions in
 14 the policy that relate to eligibility for coverage.

15 (3) A provision that a copy of the application, if any, of the
 16 policyholder must be attached to the policy when issued, that all
 17 statements made by the policyholder or by the persons insured
 18 are to be deemed representations and not warranties, and that no
 19 statement made by any person insured may be used in any
 20 contest unless a copy of the instrument containing the statement
 21 is or has been furnished to the insured person or, in the event of
 22 death or incapacity of the insured person, to the insured person's
 23 beneficiary or personal representative.

24 (4) A provision setting forth the conditions, if any, under which
 25 the insurer reserves the right to require a person eligible for
 26 insurance to furnish evidence of individual insurability
 27 satisfactory to the insurer as a condition to part or all of the
 28 person's coverage.

29 (5) A provision specifying an equitable adjustment of premiums,
 30 benefits, or both to be made in the event the age of a person
 31 insured has been misstated. A provision under this subdivision
 32 must contain a clear statement of the method of adjustment to be
 33 made.

34 (6) A provision that any sum becoming due by reason of the
 35 death of the person insured must be payable to the beneficiary
 36 designated by the person insured. However, if a policy contains
 37 conditions pertaining to family status, the beneficiary may be the
 38 family member specified by the policy terms, subject to the
 39 provisions of the policy in the event there is no designated
 40 beneficiary, as to all or any part of the sum, living at the death of
 41 the person insured, and subject to any right reserved by the
 42 insurer in the policy and set forth in the certificate to pay at its
 43 option a part of the sum not exceeding two thousand dollars
 44 (\$2,000) to any person appearing to the insurer to be equitably
 45 entitled to that payment by reason of having incurred funeral or
 46 other expenses incident to the last illness or death of the person
 47 insured.

48 (7) A provision that the insurer will issue to the policyholder, for
 49 delivery to each person insured, a certificate setting forth a
 50 statement that:

1 (A) explains the insurance protection to which the person
2 insured is entitled;
3 (B) indicates to whom the insurance benefits are payable;
4 (C) explains any dependent's coverage included in the
5 certificate; and
6 (D) sets forth the rights and conditions that apply to the
7 person under subdivisions (8), (9), (10), and (11).
8 (8) A provision that if the insurance, or any portion of it, on a
9 person covered under the policy, or on the dependent of a person
10 covered, ceases because of termination of employment or
11 termination of membership in the class or classes eligible for
12 coverage under the policy, the person or dependent is entitled,
13 without evidence of insurability, to an individual policy of life
14 insurance issued to the person or dependent by the insurer
15 without disability or other supplementary benefits, provided that
16 an application for the individual policy is made and that the first
17 premium is paid to the insurer within thirty-one (31) days after
18 the termination, and provided further that:
19 (A) the individual policy must, at the option of the person
20 or dependent, be on any one (1) of the forms then
21 customarily issued by the insurer at the age and for the
22 amount applied for, except that the group policy may
23 exclude the option to elect term insurance;
24 (B) the individual policy must be in an amount not in excess
25 of the amount of life insurance that ceases because of the
26 termination, less the amount of any life insurance for which
27 the person or dependent becomes eligible under the same
28 policy or any other group policy within thirty-one (31) days
29 after the termination (however, any amount of insurance
30 that has matured on or before the date of the termination as
31 an endowment payable to the person insured, whether in
32 one (1) sum, in installments, or in the form of an annuity,
33 may not, for the purposes of this clause, be included in the
34 amount of insurance that is considered to cease because of
35 the termination); and
36 (C) the premium on the individual policy must be at the
37 insurer's then customary rate applicable to the form and
38 amount of the individual policy, to the class of risk to which
39 the person or dependent then belongs, and to the individual
40 age attained by the person or dependent on the effective
41 date of the individual policy.
42 Subject to the conditions set forth in this subdivision, the
43 conversion privilege created by this subdivision must be
44 available to a surviving dependent of a person covered under a
45 group policy, with respect to the coverage under the group policy
46 that terminates by reason of the death of the person covered, and
47 to the dependent of an employee or member after termination of
48 the coverage of the dependent because the dependent ceases to
49 be a qualified family member under the group policy, while the
50 employee or member remains insured under the group policy.

1 (9) A provision that if the group policy terminates or is amended
2 so as to terminate the insurance of any class of insured persons,
3 every person insured under the policy at the date of the
4 termination whose insurance terminates, including the insured
5 dependent of a covered person, and who has been so insured for
6 at least five (5) years before the termination date, is entitled to
7 have issued by the insurer an individual policy of life insurance,
8 subject to the same conditions and limitations as are provided in
9 subdivision (8), except that the group policy may provide that
10 the amount of the individual policy may not exceed the lesser of:

11 (A) the amount of the person's life insurance protection that
12 is ceasing because of the termination or amendment of the
13 group policy, less the amount of any life insurance for
14 which the person is eligible or becomes eligible under a
15 group policy issued or reinstated by the same insurer or
16 another insurer within thirty-one (31) days after the
17 termination; or

18 (B) ten thousand dollars (\$10,000).

19 (10) A provision that if a person insured under the group policy,
20 or the insured dependent of a covered person, dies during the
21 period within which the covered person or dependent would
22 have been entitled to have an individual policy issued under
23 subdivision (8) or (9) or before such an individual policy
24 becomes effective, the amount of life insurance that the covered
25 person or dependent would have been entitled to have issued
26 under an individual policy is payable as a claim under the group
27 policy, whether or not application for the individual policy or the
28 payment of the first premium for the individual policy has been
29 made.

30 (11) If active employment is a condition of insurance, a
31 provision that an insured may continue coverage during the
32 insured's total disability by timely payment to the policyholder
33 of that portion, if any, of the premium that would have been
34 required for the insured had total disability not occurred. The
35 continuation of coverage under this subdivision on a premium
36 paying basis must extend for a period of six (6) months from the
37 date on which the total disability started, but not beyond the
38 earlier of:

39 (A) the date of approval by the insurer of continuation of
40 the coverage under any disability provision that the group
41 insurance policy may contain; or

42 (B) the date of discontinuance of the group insurance
43 policy.

44 (12) In the case of a policy insuring the lives of debtors, a
45 provision that the insurer will furnish to the policyholder, for
46 delivery to each debtor insured under the policy, a certificate of
47 insurance describing the coverage and specifying that the death
48 benefit will first be applied to reduce or extinguish the
49 indebtedness.

50 (c) Subsections (b)(6) through (b)(11) do not apply to policies

1 insuring the lives of debtors. The standard provisions required under
2 ~~IC 27-1-12~~ **this chapter** for individual life insurance policies do not
3 apply to group life insurance policies.

4 (d) If a group life insurance policy is on a plan of insurance other
5 than the group plan, it must contain a nonforfeiture provision that, in
6 the opinion of the commissioner, is equitable to the insured persons
7 and to the policyholder. However, group life insurance policies need
8 not contain the same nonforfeiture provisions as are required for
9 individual life insurance policies under ~~IC 27-1-12~~. **this chapter.**"

10 Page 3, between lines 34 and 35, begin a new paragraph and
11 insert:

12 SECTION11. IC 27-8-19.8-6 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. As used in this
14 chapter, "viatical settlement contract" means ~~a written an~~ agreement
15 ~~between a viatical settlement provider and a viator under the terms of~~
16 ~~which the viatical settlement provider gives anything of value to the~~
17 ~~viator; which for the purchase, sale, assignment, transfer, devise, or~~
18 ~~bequest of a portion of the death benefit or ownership of a life~~
19 ~~insurance policy or contract for consideration that is less than the~~
20 ~~expected death benefit of the life insurance policy in return for the~~
21 ~~viator's assignment, bequest, devise, sale, or transfer of all of the death~~
22 ~~benefit, certificate, or ownership of the insurance policy to the viatical~~
23 ~~settlement provider. or contract.~~ The term does not include ~~the~~
24 **following:**

25 (1) A loan by a ~~life insurance company an insurer~~ under the
26 terms of a life insurance policy, including a loan secured by the
27 cash value of a policy.

28 (2) **An agreement with a bank, savings bank, savings and**
29 **loan association, credit union, or other licensed lending**
30 **institution that takes an assignment of a life insurance policy**
31 **as collateral for a loan.**

32 (3) **The provision of accelerated death benefits by an insurer**
33 **to an insured under the provisions of a life insurance**
34 **contract.**

35 (4) **Agreements between an insurer and a reinsurer.**

36 (5) **An agreement by a person who enters into not more than**
37 **one (1) such agreement in any five (5) year period to**
38 **purchase a life insurance policy or contract for the transfer**
39 **of a life insurance policy for a value that is less than the**
40 **expected death benefit."**

41 Page 3, delete lines 35 through 41.

42 Page 4, after line 22 , begin a new paragraph and insert:
43 SECTION 13. **An emergency is declared for this act.**

44 Renumber all SECTIONS consecutively.
(Reference is to ESB233 as printed February 17, 2000.)

Representative SMITH M