

SENATE BILL No. 589

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-39.

Synopsis: Independent college self-insurance program. Allows independent colleges and universities to enter into agreements to jointly self-insure certain retained risks under certain circumstances. Requires reports to the department of insurance.

Effective: July 1, 2005.

Lubbers

January 20, 2005, read first time and referred to Committee on Insurance and Financial Institutions.

C
O
P
Y



First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

C
o
p
y

SENATE BILL No. 589



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 27-1-39 IS ADDED TO THE INDIANA CODE AS
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2005]:

4 **Chapter 39. Independent Educational Institution Self-Insurance**
5 **Consortium**

6 **Sec. 1. As used in this chapter, "consortium" refers to a**
7 **self-insurance consortium established under section 7 of this**
8 **chapter.**

9 **Sec. 2. As used in this chapter, "consortium program" refers to**
10 **a program described in section 7 of this chapter.**

11 **Sec. 3. As used in this chapter, "excess insurance coverage"**
12 **means coverage provided under an insurance policy that:**

- 13 (1) **is purchased by a consortium program; and**
- 14 (2) **provides excess coverage for claim amounts that exceed**
15 **the per claim amount or aggregate amount covered by the**
16 **consortium's self-insurance fund.**

17 **Sec. 4. As used in this chapter, "independent educational**



1 institution" refers to an independent, degree granting college or
2 university that is:

- 3 (1) accredited by the Higher Learning Commission of the
- 4 North Central Association of Colleges and Schools;
- 5 (2) chartered in Indiana; and
- 6 (3) operated as a nonprofit entity under Section 501(c)(3) of
- 7 the Internal Revenue Code.

8 Sec. 5. As used in this chapter, "member" means an
9 independent educational institution that enters into an agreement
10 under section 7 of this chapter to form a consortium.

11 Sec. 6. As used in this chapter, "self-insurance fund" means a
12 fund established by a consortium to provide money sufficient to:

- 13 (1) cover self-insured risk retained by members for losses
- 14 covered by the consortium program;
- 15 (2) pay premiums for excess insurance coverage; and
- 16 (3) pay the administrative and other costs of the consortium
- 17 program.

18 Sec. 7. Notwithstanding any other law, five (5) or more
19 independent educational institutions may enter into an agreement
20 to establish and maintain a self-insurance consortium through
21 which the independent educational institutions maintain a program
22 of joint self-insurance to cover certain retained risks and jointly
23 purchase excess insurance coverage, including any of the following
24 types of excess insurance coverage:

- 25 (1) Casualty insurance, including:
 - 26 (A) educator legal liability;
 - 27 (B) other liability; and
 - 28 (C) student accident;
- 29 insurance.
- 30 (2) Property insurance, including inland marine insurance.
- 31 (3) Motor vehicle insurance.
- 32 (4) Surety and fidelity insurance.
- 33 (5) Umbrella and excess insurance.
- 34 (6) Worker's compensation insurance.

35 Sec. 8. A consortium shall be governed by a governing body
36 comprised entirely of representatives of the consortium's members.

37 Sec. 9. The governing body of a consortium shall do the
38 following:

- 39 (1) Determine the types of risks covered under the consortium
- 40 program.
- 41 (2) Establish and maintain a self-insurance fund that is
- 42 subject to limits:

C
O
P
Y



1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41

- (A) on the total amount of self-insured risk that may be retained by the members; and
- (B) on:
 - (i) the specific claims; and
 - (ii) the aggregate of all claims;
 submitted by members that are payable from the self-insurance fund in a fiscal year.
- (3) Annually assure, through member assessments and reserves, a self-insurance fund balance sufficient to fund at least:
 - (A) one hundred percent (100%) of the self-insured risk retained by the members; and
 - (B) the other costs of the consortium program, including premiums for excess insurance coverage and administrative costs;
 as determined by a qualified, independent actuary. The sum of annual assessments plus reserves plus aggregate excess insurance coverage must be equal to at least one million dollars (\$1,000,000).
- (4) Set member assessments according to each member's share of self-insured risk and other costs of the consortium program as determined by a qualified, independent actuary.
- (5) Maintain excess insurance coverage for claims that exceed the amount of self-insured risk retained by the members and that exceed the per claim amount or aggregate amount covered by the self-insurance fund in a fiscal year.
- (6) Maintain a program of reserve evaluation to protect the financial stability of the self-insurance fund in an amount and a manner determined by a qualified, independent actuary.
- (7) Submit to the:
 - (A) members; and
 - (B) department;
 not more than six (6) months after the close of the consortium program's fiscal year, a fiscal year end financial statement certified by an independent certified public accountant.

Sec. 10. If the amount available in a self-insurance fund is insufficient to pay the liabilities of the consortium program, the members may be assessed, according to each member's share as determined under section 9(4) of this chapter, an amount sufficient to fund the liabilities that exceed the amount in the self-insurance fund.

C
O
P
Y

