

COMMITTEE REPORT

MADAM PRESIDENT:

The Senate Committee on Insurance and Financial Institutions, to which was referred House Bill No. 1452, 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:

- 1 Delete the title and insert the following:
2 A BILL FOR AN ACT concerning insurance and to make an
3 appropriation.
4 Page 1, between the enacting clause and line 1, begin a new
5 paragraph and insert:
6 "SECTION 1. IC 16-39-9-2 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. A provider may not
8 charge a person for making and providing copies of medical records an
9 amount greater than ~~provided in this chapter.~~ **the amount set in rules**
10 **adopted by the department of insurance under section 4 of this**
11 **chapter.**
12 SECTION 2. IC 16-39-9-4 IS AMENDED TO READ AS
13 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. (a) As used in this
14 section, "department" refers to the department of insurance created by
15 IC 27-1-1-1.
16 (b) ~~Notwithstanding sections 1 and 2 of this chapter,~~ The
17 department may adopt rules under IC 4-22-2 to ~~adjust set~~ **set** the amounts
18 that may be charged for copying records under this chapter. In adopting
19 rules under this section, the department shall consider the following
20 factors relating to the costs of copying medical records:

- 1 (1) The following labor costs:
 2 (A) Verification of requests.
 3 (B) Logging requests.
 4 (C) Retrieval.
 5 (D) Copying.
 6 (E) Refiling.
 7 (2) Software costs for logging requests.
 8 (3) Expense costs for copying.
 9 (4) Capital costs for copying.
 10 (5) Billing and bad debt expenses.
 11 (6) Space costs.

12 SECTION 3. IC 20-12-22.3 IS ADDED TO THE INDIANA CODE
 13 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 14 JULY 1, 2007]:

15 **Chapter 22.3. Insurance Education Scholarship Fund**

16 **Sec. 1. As used in this chapter, "commission" refers to the state**
 17 **student assistance commission established by IC 20-12-21-4.**

18 **Sec. 2. As used in this chapter, "fund" refers to the insurance**
 19 **education scholarship fund established by section 5 of this chapter.**

20 **Sec. 3. As used in this chapter, "insurance student" means a**
 21 **student who studies or intends to study:**

- 22 (1) insurance; or
 23 (2) business with an emphasis on insurance.

24 **Sec. 4. As used in this chapter, "state educational institution" has**
 25 **the meaning set forth in IC 20-12-0.5-1.**

26 **Sec. 5. (a) The insurance education scholarship fund is**
 27 **established to encourage and promote qualified individuals to**
 28 **pursue a career in insurance in Indiana.**

29 **(b) The fund consists of amounts deposited under**
 30 **IC 27-1-15.6-7.3.**

31 **Sec. 6. (a) The commission shall administer the fund.**

32 **(b) The expenses of administering the fund shall be paid from**
 33 **money in the fund.**

34 **(c) The treasurer of state shall invest the money in the fund not**
 35 **currently needed to meet the obligations of the fund in the same**
 36 **manner as other public funds may be invested. Interest that**
 37 **accrues from the investments shall be deposited in the fund.**

38 **(d) Money in the fund at the end of a state fiscal year does not**

1 revert to the state general fund.

2 (e) There is annually appropriated to the commission all money
3 in the fund to carry out the purposes of this chapter.

4 Sec. 7. (a) The money in the fund shall be used to provide annual
5 scholarships to insurance students who qualify under section 9 of
6 this chapter. The commission shall determine the amount of money
7 to be allocated from the fund for scholarships under this chapter.

8 (b) A scholarship awarded under this chapter may be used only
9 for the payment of tuition or fees that are:

10 (1) approved by the state educational institution that awards
11 the scholarship; and

12 (2) not otherwise payable under any other scholarship or form
13 of financial assistance specifically designated for tuition or
14 fees.

15 (c) Subject to section 8(c) of this chapter, each scholarship
16 awarded under this chapter is renewable under section 9 of this
17 chapter for a total number of terms that does not exceed eight (8)
18 full-time semesters (or the equivalent) or twelve (12) full-time
19 quarters (or the equivalent).

20 Sec. 8. (a) The commission for higher education shall provide
21 the commission with the most recent information concerning the
22 number of insurance students at each state educational institution.

23 (b) The commission shall allocate the available money from the
24 fund to each state educational institution that has:

25 (1) an insurance program; or

26 (2) a business program with an emphasis on insurance;

27 in proportion to the number of insurance students enrolled at each
28 state educational institution based upon the information received
29 by the commission under subsection (a).

30 (c) Each state educational institution shall determine which of
31 the state educational institution's insurance students who apply
32 qualify under section 9 of this chapter. In addition, the state
33 educational institution shall consider the need of the applicant
34 when awarding scholarships under this chapter.

35 (d) The state educational institution may not grant a scholarship
36 renewal to an insurance student for an academic year that ends
37 later than six (6) years after the date on which the insurance
38 student received the insurance student's initial scholarship under

1 **this chapter.**

2 **(e) Any funds that:**

3 **(1) are allocated to a state educational institution under**
4 **section 8(b) of this chapter; and**

5 **(2) are not used for scholarships under this chapter;**
6 **shall be returned to the commission for reallocation by the**
7 **commission to any other eligible state educational institution in**
8 **need of additional funds.**

9 **Sec. 9. To qualify for a scholarship or a scholarship renewal**
10 **from the fund, an insurance student must:**

11 **(1) be admitted to an approved state educational institution as**
12 **a full-time or part-time insurance student; and**

13 **(2) meet the qualifications established by the commission**
14 **under section 11 of this chapter.**

15 **Sec. 10. (a) The commission shall maintain complete and**
16 **accurate records in administering the fund, including records**
17 **concerning the scholarships awarded under this chapter.**

18 **(b) Each state educational institution shall provide the**
19 **commission with information concerning the following:**

20 **(1) The awarding of scholarships under this chapter.**

21 **(2) The academic progress made by each recipient of a**
22 **scholarship under this chapter.**

23 **(3) Other pertinent information requested by the commission.**

24 **Sec. 11. (a) The commission shall adopt rules under subsection**
25 **(b) to establish qualifications for recipients of scholarships and**
26 **scholarship renewals under this chapter.**

27 **(b) The commission shall adopt rules under IC 4-22-2 necessary**
28 **to carry out this chapter.**

29 SECTION 4. IC 27-1-3-15 IS AMENDED TO READ AS
30 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15. (a) Except as
31 provided in subsection (g), the commissioner shall collect the following
32 filing fees:

33 Document	Fee
34 Articles of incorporation	\$ 350
35 Amendment of articles of	
36 incorporation	\$ 10
37 Filing of annual statement	
38 and consolidated statement	\$ 100

1	Annual renewal of company license	
2	fee	\$ 50
3	Withdrawal of certificate	
4	of authority	\$ 25
5	Certified statement of condition	\$ 5
6	Any other document required to be	
7	filed by this article	\$ 25

8 **The commissioner shall deposit fees collected under this subsection**
9 **into the department of insurance fund established by section 28 of**
10 **this chapter.**

11 (b) The commissioner shall collect a fee of ten dollars (\$10) each
12 time process is served on the commissioner under this title.

13 (c) The commissioner shall collect the following fees for copying
14 and certifying the copy of any filed document relating to a domestic or
15 foreign corporation:

16	Per page for copying	As determined by
17		the commissioner
18		but not to exceed
19		actual cost
20	For the certificate	\$10

21 (d) Each domestic and foreign insurer **and each health**
22 **maintenance organization** shall remit annually to the commissioner
23 for deposit into the department of insurance fund established by
24 ~~IC 27-1-3-28~~ **section 28 of this chapter one**
25 **thousand** dollars ~~(\$350)~~ **(\$1,000)** as an internal audit fee. All
26 assessment insurers, farm mutuals, **and** fraternal benefit societies ~~and~~
27 ~~health maintenance organizations~~ shall remit to the commissioner for
28 deposit into the department of insurance fund ~~one~~ **two hundred fifty**
29 dollars ~~(\$100)~~ **(\$250)** annually as an internal audit fee.

30 (e) Beginning July 1, 1994, each insurer shall remit to the
31 commissioner for deposit into the department of insurance fund
32 established by ~~IC 27-1-3-28~~ **section 28 of this chapter** a fee of
33 thirty-five dollars (\$35) for each policy, rider, and endorsement filed
34 with the state. **Each policy, rider, or endorsement filed as part of a**
35 **particular product filing and associated with that product filing is**
36 **an individual filing subject to the fee under this subsection.**
37 However, each policy, rider, and endorsement filed as part of a
38 particular product filing and associated with that product filing shall be

1 considered to be a single filing and subject only to one (1) thirty-five
 2 dollar (\$35) fee. **the total amount of fees paid under this subsection**
 3 **by each insurer for a particular product filing may not exceed one**
 4 **thousand dollars (\$1,000).**

5 (f) The commissioner shall pay into the state general fund by the
 6 end of each calendar month the amounts collected during that month
 7 under subsections ~~(a)~~, (b) and (c).

8 (g) The commissioner may not collect fees for quarterly statements
 9 filed under IC 27-1-20-33.

10 (h) The commissioner may adopt rules under IC 4-22-2 to provide
 11 for the accrual and quarterly billing of fees under this section.

12 SECTION 5. IC 27-1-3-28 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 28. (a) The department
 14 of insurance fund is established for the following purposes:

15 (1) To provide supplemental funding for the operations of the
 16 department of insurance.

17 (2) To pay the costs of hiring and employing staff.

18 (3) To provide staff salary differentials as necessary to equalize
 19 the average salaries and staffing levels of the department of
 20 insurance with the average salaries and staffing levels reported in
 21 the most recent Insurance Department Resources Report
 22 published by the National Association of Insurance
 23 Commissioners.

24 (4) To enable the department of insurance to maintain
 25 accreditation by the National Association of Insurance
 26 Commissioners.

27 **(5) To carry out any other purpose determined necessary by**
 28 **the department of insurance to carry out the department's**
 29 **duties under this title.**

30 (b) The fund shall be administered by the commissioner. The
 31 following shall be deposited in the department of insurance fund:

32 (1) Audit fees remitted by insurers to the commissioner under
 33 ~~IC 27-1-3-15(d)~~: **section 15(d) of this chapter.**

34 (2) Filing fees remitted by insurers to the commissioner under
 35 ~~IC 27-1-3-15(e)~~: **section 15(a) or 15(e) of this chapter.**

36 (3) Any other amounts remitted to the commissioner or the
 37 department that are required by rule or statute to be deposited into
 38 the department of insurance fund.

1 (c) The expenses of administering the fund shall be paid from
2 money in the fund.

3 (d) The treasurer of state shall invest the money in the fund not
4 currently needed to meet the obligations of the fund in the same
5 manner as other public funds may be invested. Interest that accrues
6 from these investments shall be deposited in the fund.

7 (e) Money in the fund at the end of a particular fiscal year does not
8 revert to the state general fund.

9 (f) There is annually appropriated to the department of insurance,
10 for the purposes set forth in subsection (a), the entire amount of money
11 deposited in the fund in each year.

12 SECTION 6. IC 27-1-12.7-10, AS AMENDED BY P.L.193-2006,
13 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2007]: Sec. 10. Notwithstanding any other provision of law:

15 (1) the commissioner has the sole authority to regulate the
16 issuance and sale of funding agreements;

17 (2) a funding agreement is not considered a covered policy under
18 IC 27-8-8-1(a) or IC 27-8-8-2.3(d); ~~and~~

19 (3) a claim for payments under a funding agreement must be
20 treated as a loss claim described in Class 2 of IC 27-9-3-40; **and**

21 **(4) assets supporting a funding agreement in a segregated**
22 **asset account under section 8 of this chapter are subject to**
23 **IC 27-9-3-40.5 and Class 1(c) of IC 27-1-5-1.**

24 SECTION 7. IC 27-1-15.6-7.3 IS ADDED TO THE INDIANA
25 CODE AS A NEW SECTION TO READ AS FOLLOWS
26 [EFFECTIVE JULY 1, 2007]: **Sec. 7.3. (a) The commissioner may**
27 **design or have designed an insurance producer certificate suitable**
28 **for framing and display.**

29 **(b) Upon request of an insurance producer, the commissioner**
30 **may issue a certificate described in subsection (a).**

31 **(c) The commissioner may impose and collect a reasonable fee**
32 **for a certificate issued under subsection (b). The commissioner**
33 **shall deposit fees collected under this subsection into the insurance**
34 **education scholarship fund established by IC 20-12-22.3-5.**

35 **(d) The commissioner shall establish guidelines to implement**
36 **this section.**

37 SECTION 8. IC 27-1-15.6-24.1 IS ADDED TO THE INDIANA
38 CODE AS A NEW SECTION TO READ AS FOLLOWS

1 [EFFECTIVE JULY 1, 2007]: **Sec. 24.1. A licensed insurance**
 2 **producer may charge a reasonable fee for personal lines property**
 3 **and casualty insurance or services related to personal lines**
 4 **property and casualty insurance subject to the following**
 5 **requirements:**

6 **(1) The amount of a fee and the basis for calculating a fee may**
 7 **not vary among personal lines insureds.**

8 **(2) The amount of a fee is subject to the approval of the**
 9 **commissioner.**

10 SECTION 9. IC 27-1-15.6-32 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 32. (a) The department
 12 shall adopt rules under IC 4-22-2 to set fees for licensure under this
 13 chapter, IC 27-1-15.7, and IC 27-1-15.8.

14 (b) Insurance producer and limited lines producer license renewal
 15 fees are due every ~~four (4)~~ **two (2)** years. The fee charged by the
 16 department every ~~four (4)~~ **two (2)** years for a:

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

18 (2) nonresident license is ninety dollars (\$90).

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

20 (d) Surplus lines producer renewal fees are due ~~annually~~ **every two**
 21 **(2) years. The fee charged by the department every two (2) years**
 22 **for a:**

23 **(1) resident license is eighty dollars (\$80); and**

24 **(2) nonresident license is one hundred twenty dollars (\$120).**

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

28 (1) insurance producer license;

29 (2) surplus lines producer license;

30 (3) limited lines producer license; or

31 (4) consultant license;

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

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

36 SECTION 10. IC 27-1-15.7-2, AS AMENDED BY P.L.73-2006,
 37 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 38 JULY 1, 2007]: Sec. 2. (a) Except as provided in subsection (b), to

1 renew a license issued under IC 27-1-15.6:

- 2 (1) a resident insurance producer must complete at least ~~forty (40)~~
 3 **twenty (20)** hours of credit in continuing education courses; and
 4 (2) a resident limited lines producer must complete at least ~~ten~~
 5 ~~(10)~~ **five (5)** hours of credit in continuing education courses.

6 An attorney in good standing who is admitted to the practice of law in
 7 Indiana and holds a license issued under IC 27-1-15.6 may complete all
 8 or any number of hours of continuing education required by this
 9 subsection by completing an equivalent number of hours in continuing
 10 legal education courses that are related to the business of insurance.

11 (b) To renew a license issued under IC 27-1-15.6, a limited lines
 12 producer with a title qualification under IC 27-1-15.6-7(a)(8) must
 13 complete at least ~~fourteen (14)~~ **seven (7)** hours of credit in continuing
 14 education courses related to the business of title insurance with at least
 15 one (1) hour of instruction in a structured setting or comparable
 16 self-study in each of the following:

- 17 (1) Ethical practices in the marketing and selling of title
 18 insurance.
 19 (2) Title insurance underwriting.
 20 (3) Escrow issues.
 21 (4) Principles of the federal Real Estate Settlement Procedures
 22 Act (12 U.S.C. 2608).

23 An attorney in good standing who is admitted to the practice of law in
 24 Indiana and holds a license issued under IC 27-1-15.6 with a title
 25 qualification under IC 27-1-15.6-7(a)(8) may complete all or any
 26 number of hours of continuing education required by this subsection by
 27 completing an equivalent number of hours in continuing legal
 28 education courses related to the business of title insurance or any
 29 aspect of real property law.

30 (c) The following insurance producers are not required to complete
 31 continuing education courses to renew a license under this chapter:

- 32 (1) A limited lines producer who is licensed without examination
 33 under IC 27-1-15.6-18(1) or IC 27-1-15.6-18(2).
 34 (2) A limited line credit insurance producer.
 35 (3) An insurance producer who is at least seventy (70) years of
 36 age and has been a licensed insurance producer continuously for
 37 at least twenty (20) years immediately preceding the license
 38 renewal date.

1 (d) To satisfy the requirements of subsection (a) or (b), a licensee
2 may use only those credit hours earned in continuing education courses
3 completed by the licensee:

4 (1) after the effective date of the licensee's last renewal of a
5 license under this chapter; or

6 (2) if the licensee is renewing a license for the first time, after the
7 date on which the licensee was issued the license under this
8 chapter.

9 (e) If an insurance producer receives qualification for a license in
10 more than one (1) line of authority under IC 27-1-15.6, the insurance
11 producer may not be required to complete a total of more than ~~forty~~
12 ~~(40)~~ **twenty (20)** hours of credit in continuing education courses to
13 renew the license.

14 (f) Except as provided in subsection (g), a licensee may receive
15 credit only for completing continuing education courses that have been
16 approved by the commissioner under section 4 of this chapter.

17 (g) A licensee who teaches a course approved by the commissioner
18 under section 4 of this chapter shall receive continuing education credit
19 for teaching the course.

20 (h) When a licensee renews a license issued under this chapter, the
21 licensee must submit:

22 (1) a continuing education statement that:

23 (A) is in a format authorized by the commissioner;

24 (B) is signed by the licensee under oath; and

25 (C) lists the continuing education courses completed by the
26 licensee to satisfy the continuing education requirements of
27 this section; and

28 (2) any other information required by the commissioner.

29 (i) A continuing education statement submitted under subsection (h)
30 may be reviewed and audited by the department.

31 (j) A licensee shall retain a copy of the original certificate of
32 completion received by the licensee for completion of a continuing
33 education course.

34 (k) A licensee who completes a continuing education course that:

35 (1) is approved by the commissioner under section 4 of this
36 chapter;

37 (2) is held in a classroom setting; and

38 (3) concerns ethics;

1 shall receive continuing education credit for the number of hours for
 2 which the course is approved plus additional hours, not to exceed two
 3 (2) hours in a renewal period, equal to the number of hours for which
 4 the course is approved.

5 SECTION 11. IC 27-1-15.8-4 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 4. ~~(a)~~ During the period
 7 that a resident surplus lines producer's license is in effect, the licensee
 8 shall keep in force a bond in the penal sum of not less than twenty
 9 thousand dollars (\$20,000) with an authorized corporate surety
 10 approved by the commissioner. The aggregate liability of the surety for
 11 any and all claims on a bond does not exceed the penal sum of the
 12 bond. A bond may not be terminated unless written notice of
 13 termination is provided by the surety to the licensee and the
 14 commissioner not less than thirty (30) days before termination. Upon
 15 termination of a resident license for which a bond was in effect, the
 16 commissioner shall notify the surety of the termination within ten (10)
 17 business days. All surety protection under this section inures to the
 18 benefit of the state of Indiana to assure the payment of all premium
 19 taxes.

20 ~~(b)~~ A resident surplus lines producer shall, at the time of an initial
 21 filing under subsection ~~(c)~~, file with the commissioner proof of the
 22 bond in the amount required under subsection (a). In each subsequent
 23 calendar year, the resident surplus lines producer shall file proof that
 24 the bond remains in effect. A subsequent filing under this subsection
 25 shall be made in conjunction with the annual filing required under
 26 subsection ~~(c)~~.

27 ~~(c)~~ (a) In addition to all other charges, fees, and taxes that may be
 28 imposed by law, a surplus lines producer licensed under this chapter
 29 shall, on or before February 1 and August 1 of each year, collect from
 30 the insured and remit to the department for the use and benefit of the
 31 state of Indiana an amount equal to two and one-half percent (2 1/2%)
 32 of all gross premiums upon all policies and contracts procured by the
 33 surplus lines producer under the provisions of this section during the
 34 preceding six (6) month period ending December 31 and June 30,
 35 respectively. The declarations page of a policy referred to in this
 36 subsection must itemize the amounts of all charges for taxes, fees, and
 37 premiums.

38 ~~(d)~~ (b) A licensed surplus lines producer shall execute and file with

1 the department of insurance on or before the twentieth day of each
 2 month an affidavit that specifies all transactions, policies, and contracts
 3 procured during the preceding calendar month, including:

4 (1) the description and location of the insured property or risk and
 5 the name of the insured;

6 (2) the gross premiums charged in the policy or contract;

7 (3) the name and home office address of the insurer whose policy
 8 or contract is issued, and the kind of insurance effected; and

9 (4) a statement that:

10 (A) the licensee, after diligent effort, was unable to procure
 11 from any insurer authorized to transact the particular class of
 12 insurance business in Indiana the full amount of insurance
 13 required to protect the insured; and

14 (B) the insurance placed under this chapter is not placed for
 15 the purpose of procuring it at a premium rate lower than would
 16 be accepted by an insurer authorized and licensed to transact
 17 insurance business in Indiana.

18 ~~(e)~~ (c) A licensed surplus lines producer shall file with the
 19 department, not later than March 31 of each year, the financial
 20 statement, dated as of December 31 of the preceding year, of each
 21 unauthorized insurer from whom the surplus lines producer has
 22 procured a policy or contract. The insurance commissioner may, in the
 23 commissioner's discretion, after reviewing the financial statement of
 24 the unauthorized insurer, order the surplus lines producer to cancel an
 25 unauthorized insurer's policies and contracts if the commissioner is of
 26 the opinion that the financial statement or condition of the
 27 unauthorized insurer does not warrant continuance of the risk.

28 ~~(f)~~ (d) A licensed surplus lines producer shall keep a separate
 29 account of all business transacted under this section. The account may
 30 be inspected at any time by the commissioner or the commissioner's
 31 deputy or examiner.

32 ~~(g)~~ (e) An insurer that issues a policy or contract to insure a risk
 33 under this section is considered to have appointed the commissioner as
 34 the insurer's attorney upon whom process may be served in Indiana in
 35 any suit, action, or proceeding based upon or arising out of the policy
 36 or contract.

37 ~~(h)~~ (f) The commissioner may revoke or refuse to renew a surplus
 38 lines producer's license for failure to comply with this section.

1 ~~(i)~~ **(g)** A surplus lines producer licensed under this chapter may
 2 accept and place policies or contracts authorized under this section for
 3 an insurance producer duly licensed in Indiana, and may compensate
 4 the insurance producer even though the insurance producer is not
 5 licensed under this chapter.

6 ~~(j)~~ **(h)** If a surplus lines producer does not remit an amount due to
 7 the department within the time prescribed in subsection ~~(c)~~; **(a)**, the
 8 commissioner shall assess the surplus lines producer a penalty of ten
 9 percent (10%) of the amount due. The commissioner shall assess a
 10 further penalty of an additional one percent (1%) of the amount due for
 11 each month or portion of a month that any amount due remains unpaid
 12 after the first month. Penalties assessed under this subsection are
 13 payable by the surplus lines producer and are not collectible from an
 14 insured.

15 SECTION 12. IC 27-1-22-4, AS AMENDED BY P.L.193-2006,
 16 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 17 JULY 1, 2007]: Sec. 4. (a) Every insurer shall file with the
 18 commissioner every manual of classifications, rules, and rates, every
 19 rating schedule, every rating plan, and every modification of any of the
 20 foregoing which it proposes to use.

21 (b) The following types of insurance are exempt from the
 22 requirements of subsections (a) and (j):

23 (1) Inland marine risks, which by general custom of the business
 24 are not written according to manual rates or rating plans.

25 (2) Insurance ~~other than workers compensation insurance~~; that is:

26 (A) written by an insurer that:

27 (i) complies with subsection (m) and

28 ~~(ii)~~ maintains at least a B rating by A.M. Best or an
 29 equivalent rating by another independent insurance rating
 30 organization; **or**

31 **(ii) is approved for an exemption by the commissioner;**
 32 and

33 (B) issued to commercial policyholders.

34 (c) Every such filing shall indicate the character and extent of the
 35 coverage contemplated and shall be accompanied by the information
 36 upon which the filer supports such filing.

37 (d) The information furnished in support of a filing may include:

38 (1) the experience and judgment of the insurer or rating

- 1 organization making the filing;
 2 (2) its interpretation of any statistical data it relies upon;
 3 (3) the experience of other insurers or rating organizations; or
 4 (4) any other relevant factors.

5 The commissioner shall have the right to request any additional
 6 relevant information. A filing and any supporting information shall be
 7 open to public inspection as soon as stamped "filed" within a
 8 reasonable time after receipt by the commissioner, and copies may be
 9 obtained by any person on request and upon payment of a reasonable
 10 charge therefor.

11 (e) Filings shall become effective upon the date of filing by delivery
 12 or upon date of mailing by registered mail to the commissioner, or on
 13 a later date specified in the filing.

14 (f) Specific inland marine rates on risks specially rated, made by a
 15 rating organization, shall be filed with the commissioner.

16 (g) Any insurer may satisfy its obligation to make any such filings
 17 by becoming a member of, or a subscriber to, a licensed rating
 18 organization which makes such filings and by authorizing the
 19 commissioner to accept such filings on its behalf, provided that nothing
 20 contained in this chapter shall be construed as requiring any insurer to
 21 become a member of or a subscriber to any rating organization or as
 22 requiring any member or subscriber to authorize the commissioner to
 23 accept such filings on its behalf.

24 (h) Every insurer which is a member of or a subscriber to a rating
 25 organization shall be deemed to have authorized the commissioner to
 26 accept on its behalf all filings made by the rating organization which
 27 are within the scope of its membership or subscribership, provided:

- 28 (1) that any subscriber may withdraw or terminate such
 29 authorization, either generally or for individual filings, by written
 30 notice to the commissioner and to the rating organization and may
 31 then make its own independent filings for any kinds of insurance,
 32 or subdivisions, or classes of risks, or parts or combinations of
 33 any of the foregoing, with respect to which it has withdrawn or
 34 terminated such authorization, or may request the rating
 35 organization, within its discretion, to make any such filing on an
 36 agency basis solely on behalf of the requesting subscriber; and
 37 (2) that any member may proceed in the same manner as a
 38 subscriber unless the rating organization shall have adopted a

- 1 rule, with the approval of the commissioner:
- 2 (A) requiring a member, before making an independent filing,
3 first to request the rating organization to make such filing on
4 its behalf and requiring the rating organization, within thirty
5 (30) days after receipt of such request, either:
- 6 (i) to make such filing as a rating organization filing;
7 (ii) to make such filing on an agency basis solely on behalf
8 of the requesting member; or
9 (iii) to decline the request of such member; and
- 10 (B) excluding from membership any insurer which elects to
11 make any filing wholly independently of the rating
12 organization.
- 13 (i) Under such rules as the commissioner shall adopt, the
14 commissioner may, by written order, suspend or modify the
15 requirement of filing as to any kinds of insurance, or subdivision, or
16 classes of risk, or parts or combinations of any of the foregoing, the
17 rates for which can not practicably be filed before they are used. Such
18 orders and rules shall be made known to insurers and rating
19 organizations affected thereby. The commissioner may make such
20 examination as the commissioner may deem advisable to ascertain
21 whether any rates affected by such order are excessive, inadequate, or
22 unfairly discriminatory.
- 23 (j) Upon the written application of the insured, stating the insured's
24 reasons therefor, filed with the commissioner, a rate in excess of that
25 provided by a filing otherwise applicable may be used on any specific
26 risk.
- 27 (k) An insurer shall not make or issue a policy or contract except in
28 accordance with filings which are in effect for that insurer or in
29 accordance with the provisions of this chapter. Subject to the
30 provisions of section 6 of this chapter, any rates, rating plans, rules,
31 classifications, or systems in effect on May 31, 1967, shall be
32 continued in effect until withdrawn by the insurer or rating
33 organization which filed them.
- 34 (l) The commissioner shall have the right to make an investigation
35 and to examine the pertinent files and records of any insurer, insurance
36 producer, or insured in order to ascertain compliance with any filing for
37 rate or coverage which is in effect. The commissioner shall have the
38 right to set up procedures necessary to eliminate noncompliance,

1 whether on an individual policy, or because of a system of applying
2 charges or discounts which results in failure to comply with such filing.

3 (m) This subsection applies to an insurer that issues a commercial
4 property or commercial casualty insurance policy to a commercial
5 policyholder. Not more than thirty (30) days after the insurer begins
6 using a commercial property or commercial casualty insurance:

7 (1) rate;

8 (2) rating plan;

9 (3) manual of classifications; ~~or~~

10 **(4) form; or**

11 ~~(4) (5)~~ modification of an item specified in subdivision (1), (2), ~~or~~

12 (3), **or (4);**

13 the insurer shall file with the department, for informational purposes
14 only, the item specified in subdivision (1), (2), (3), ~~or (4)~~, **or (5)**. Use
15 of an item specified in subdivision (1), (2), (3), ~~or (4)~~, **or (5)** is not
16 conditioned on review or approval by the department. This subsection
17 does not require filing of an individual policy rate if the original
18 manuals, rates, and rules for the insurance plan or program to which the
19 individual policy conforms has been filed with the department.

20 (n) ~~Subsection (m) does not apply to~~ **An insurer that issues a**
21 **commercial property or commercial casualty insurance policy**
22 **forms: form, endorsement, or rider that is prepared to provide or**
23 **exclude coverage for an unusual or extraordinary risk of a**
24 **particular commercial policyholder must maintain the policy form,**
25 **endorsement, or rider in the insurer's Indiana office and provide**
26 **the policy form, endorsement, or rider to the commissioner at the**
27 **commissioner's request.**

28 (o) **If coverage under a commercial property or commercial**
29 **casualty insurance policy is changed, upon renewal of the policy,**
30 **the insurer shall provide to the policyholder and insurance**
31 **producer through which the policyholder obtains the coverage a**
32 **written notice that the policy has been changed.**

33 SECTION 13. IC 27-1-25-12.2 IS AMENDED TO READ AS
34 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.2. (a) An
35 administrator that:

36 (1) performs the duties of an administrator in Indiana; and

37 (2) does not hold a license issued under section 11.1 of this
38 chapter;

1 shall obtain a nonresident administrator license under this section by
2 filing a uniform application with the commissioner.

3 (b) Unless the commissioner verifies the nonresident administrator's
4 home state license status through an electronic data base maintained by
5 the NAIC or by an affiliate or a subsidiary of the NAIC, a uniform
6 application filed under subsection (a) must be accompanied by a letter
7 of certification from the nonresident administrator's home state,
8 verifying that the nonresident administrator holds a resident
9 administrator license in the home state.

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

14 (d) Except as provided in subsections (b) and (h), the commissioner
15 shall issue a nonresident administrator license to a nonresident
16 administrator that makes a filing under subsections (a) and (b) upon
17 receipt of the filing.

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

22 (1) on September 15 of each year, file a statement with the
23 commissioner affirming that the nonresident administrator
24 maintains a current license in the nonresident administrator's
25 home state; and

26 (2) pay a filing fee as required by the commissioner.

27 **The commissioner shall collect a filing fee required under**
28 **subdivision (2) and deposit the fee into the department of insurance**
29 **fund established by IC 27-1-3-28.**

30 (f) A nonresident administrator that applies for licensure under this
31 section shall:

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

33 (2) produce the records and files of the nonresident administrator
34 for examination; and

35 (3) make the officers of the nonresident administrator available to
36 provide information with respect to the affairs of the nonresident
37 administrator;

38 when reasonably required by the commissioner.

1 (g) A nonresident administrator is not required to hold a nonresident
 2 administrator license in Indiana if the nonresident administrator's
 3 function in Indiana is limited to the administration of life, health, or
 4 annuity coverage for a total of not more than one hundred (100) Indiana
 5 residents.

6 (h) The commissioner may refuse to issue or may delay the issuance
 7 of a nonresident administrator license if the commissioner determines
 8 that:

9 (1) due to events occurring; or

10 (2) based on information obtained;

11 after the nonresident administrator's home state's licensure of the
 12 nonresident administrator, the nonresident administrator is unable to
 13 comply with this chapter or grounds exist for the home state's
 14 revocation or suspension of the nonresident administrator's home state
 15 license.

16 (i) If the commissioner makes a determination described in
 17 subsection (h), the commissioner:

18 (1) shall provide written notice of the determination to the
 19 insurance regulator of the nonresident administrator's home state;
 20 and

21 (2) may delay the issuance of a nonresident administrator license
 22 to the nonresident administrator until the commissioner
 23 determines that the nonresident administrator is able to comply
 24 with this chapter and that grounds do not exist for the home state's
 25 revocation or suspension of the nonresident administrator's home
 26 state license.

27 SECTION 14. IC 27-1-25-12.3 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12.3. (a) An
 29 administrator that is licensed under section 11.1 of this chapter shall,
 30 not later than July 1 of each year unless the commissioner grants an
 31 extension of time for good cause, file a report for the previous calendar
 32 year that complies with the following:

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

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

38 (3) The report must be verified by at least two (2) officers of the

1 administrator.

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

5 (5) The report must be accompanied by a filing fee determined by
6 the commissioner.

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

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

13 (1) issue a certification to the administrator:

14 (A) indicating that:

15 (i) the financial statement reflects a positive net worth; and

16 (ii) the administrator is currently licensed and in good
17 standing; or

18 (B) noting deficiencies found in the report; or

19 (2) update an electronic data base that is maintained by the NAIC
20 or by an affiliate or a subsidiary of the NAIC:

21 (A) indicating that the administrator is solvent and in
22 compliance with this chapter; or

23 (B) noting deficiencies found in the report.

24 SECTION 15. IC 27-1-40 IS ADDED TO THE INDIANA CODE
25 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
26 JULY 1, 2007]:

27 **Chapter 40. Entry of Unauthorized Alien Companies**

28 **Sec. 1. As used in this chapter, "trusteed surplus" means the
29 aggregate value of a United States branch's:**

30 (1) surplus and reserve funds required under IC 27-1-6; and

31 (2) trust assets described in section 5 of this chapter;

32 plus investment income accrued on the items described in
33 subdivisions (1) and (2) if the investment income is collected by the
34 state for the trustees, less the aggregate net amount of all of the
35 United States branch's reserves and other liabilities in the United
36 States, as determined under section 6 of this chapter.

37 **Sec. 2. As used in this chapter, "United States branch" means:**

38 (1) an entity that is considered, for purposes of this chapter,

1 to be a domestic company through which insurance business
2 is transacted in the United States by an alien company; and
3 (2) the alien company's assets and liabilities that are
4 attributable to the insurance business transacted in the United
5 States.

6 **Sec. 3. Indiana may serve as a state of entry to enable an alien**
7 **company to transact insurance business in the United States**
8 **through a United States branch if the United States branch:**

9 (1) qualifies under this title for a certificate of authority as if
10 the United States branch were a domestic company organized
11 under this title; and

12 (2) establishes a trust account that meets the following
13 conditions:

14 (A) The trust account is established under a trust
15 agreement approved by the commissioner with a United
16 States bank.

17 (B) The amount in the trust account is at least equal to:

18 (i) the minimum capital and surplus requirements; or

19 (ii) the authorized control level risk based capital
20 requirements;

21 whichever is greater, that apply to a domestic company
22 that possesses a certificate of authority to transact the
23 same kind of insurance business in Indiana as the United
24 States branch will transact.

25 **Sec. 4. (a) A trust account established under section 3(2) of this**
26 **chapter must contain, at all times, an amount equal to the United**
27 **States branch's reserves and other liabilities, plus the:**

28 (1) minimum capital and surplus requirement; or

29 (2) authorized control level risk based capital requirement;

30 whichever is greater, that applies to a domestic company granted
31 a certificate of authority under this title to transact the same kind
32 of insurance business as the United States branch transacts.

33 (b) One (1) or more trustees must be appointed to administer
34 the trust.

35 (c) A trust agreement for a trust account established under
36 section 3(2) of this chapter, and amendments to the trust
37 agreement:

38 (1) must be authenticated in a manner prescribed by the

- 1 **commissioner; and**
2 **(2) are effective only when approved by the commissioner**
3 **after the commissioner finds all of the following:**
4 **(A) The trust agreement and amendments are sufficient in**
5 **form and in conformity with law.**
6 **(B) All trustees appointed under subsection (b) are eligible**
7 **to serve as trustees.**
8 **(C) The trust agreement is adequate to protect the interests**
9 **of the beneficiaries of the trust.**
10 **(d) The commissioner may withdraw an approval granted under**
11 **subsection (c)(2) if, after notice and hearing, the commissioner**
12 **determines that one (1) or more of the conditions required under**
13 **subsection (c)(2) for approval no longer exist.**
14 **(e) The commissioner may approve modifications of, or**
15 **variations in, a trust agreement under subsection (c) if the**
16 **modifications or variations are not prejudicial to the interests of**
17 **Indiana residents, United States policyholders, and creditors of the**
18 **United States branch.**
19 **(f) A trust agreement for a trust account established under**
20 **section 3(2) of this chapter must contain provisions that:**
21 **(1) vest legal title to trust assets in the trustees and lawfully**
22 **appointed successors of the trustees;**
23 **(2) require that all assets deposited in the trust account be**
24 **continuously kept in the United States;**
25 **(3) provide for appointment of a new trustee in case of a**
26 **vacancy, subject to the approval of the commissioner;**
27 **(4) require that the trustees continuously maintain a record**
28 **sufficient to identify the assets of the trust account;**
29 **(5) require that the trust assets consist of:**
30 **(A) cash;**
31 **(B) investments of the same kind as the investments in**
32 **which funds of a domestic company may be invested; and**
33 **(C) interest accrued on the cash and investments specified**
34 **in clauses (A) and (B), if collectable by the trustees;**
35 **(6) establish that the trust:**
36 **(A) is for the exclusive benefit, security, and protection of:**
37 **(i) United States policyholders of the United States**
38 **branch; and**

- 1 (ii) United States creditors of the United States branch
2 after all obligations to policyholders are paid; and
3 (B) shall be maintained as long as any liability of the
4 United States branch arising out of the United States
5 branch's insurance transactions in the United States is
6 outstanding;
- 7 (7) establish that trust assets, other than income as specified
8 in subsection (g), may not be withdrawn or permitted by the
9 trustees to be withdrawn without the approval of the
10 commissioner, except for any of the following purposes:
- 11 (A) To make deposits required by the law of any state for
12 the security or benefit of all policyholders of the United
13 States branch in the United States.
- 14 (B) To substitute other assets permitted by law and at least
15 equal in value and quality to the assets withdrawn, upon
16 the specific written direction of the United States manager
17 of the United States branch when the United States
18 manager is empowered and acting under general or
19 specific written authority previously granted or delegated
20 by the alien company's board of directors.
- 21 (C) To transfer the assets to an official liquidator or
22 rehabilitator under a court order.
- 23 (g) A trust agreement for a trust account established under
24 section 3(2) of this chapter may provide that income, earnings,
25 dividends, or interest accumulations of the trust assets may be paid
26 over to the United States manager of the United States branch
27 upon request of the United States manager if the total amount of
28 trust assets following the payment to the United States manager is
29 not less than the amount required under subsection (a).
- 30 (h) A trust agreement for a trust account established under
31 section 3(2) of this chapter may provide that written approval of
32 the insurance supervising official of another state in which:
- 33 (1) trust assets are deposited; and
34 (2) the United States branch is authorized to transact
35 insurance business;
- 36 is sufficient, and approval of the commissioner is not required, for
37 withdrawal of the trust assets in the other state if the amount of
38 total trust assets after the withdrawal will not be less than the

1 **amount required under subsection (a). However, the United States**
2 **branch shall provide written notice to the commissioner of the**
3 **nature and extent of the withdrawal.**

4 **(i) The commissioner may at any time:**

5 **(1) make examinations of the trust assets of a United States**
6 **branch that holds a certificate of authority under this chapter,**
7 **at the expense of the United States branch; and**

8 **(2) require the trustees to file a statement, on a form**
9 **prescribed by the commissioner, certifying the assets of the**
10 **trust account and the amounts of the assets.**

11 **(j) Refusal or neglect of a trustee to comply with this section is**
12 **grounds for:**

13 **(1) the revocation of the United States branch's certificate of**
14 **authority; or**

15 **(2) the liquidation of the United States branch.**

16 **Sec. 5. (a) The commissioner shall require a United States**
17 **branch to do the following before granting the United States**
18 **branch a certificate of authority to transact insurance business as**
19 **described in section 3(1) of this chapter:**

20 **(1) Comply with this chapter and any other requirement of**
21 **this title.**

22 **(2) Submit the following:**

23 **(A) A copy of the current charter and bylaws of the alien**
24 **company that intends to transact business through the**
25 **United States branch and any other documents determined**
26 **by the commissioner to be necessary to provide evidence of**
27 **the kinds of insurance business that the alien company is**
28 **authorized to transact. Documents submitted under this**
29 **clause must be attested to as accurate by the insurance**
30 **supervisory official in the alien company's domiciliary**
31 **jurisdiction.**

32 **(B) A full statement, subscribed and affirmed as true under**
33 **penalty of perjury by two (2) officers or equivalent**
34 **responsible representatives of the alien company in a**
35 **manner prescribed by the commissioner, of the alien**
36 **company's financial condition as of the close of the alien**
37 **company's latest fiscal year, showing the alien company's:**

38 **(i) assets;**

- 1 (ii) liabilities;
 2 (iii) income disbursements;
 3 (iv) business transacted; and
 4 (v) other facts required to be shown in the alien
 5 company's annual statement reported to the insurance
 6 supervisory official in the alien company's domiciliary
 7 jurisdiction.

8 (C) An English translation, if necessary, of any document
 9 submitted under this subdivision.

10 (3) Submit to an examination of the affairs of the alien
 11 company that intends to transact business through the United
 12 States branch at the alien company's principal office in the
 13 United States. However, the commissioner may accept a
 14 report of the insurance supervisory official in the alien
 15 company's domiciliary jurisdiction in lieu of the examination
 16 required under this subdivision.

17 (b) The commissioner may at any time hire, at a United States
 18 branch's expense, any independent experts that the commissioner
 19 considers necessary to implement this chapter with respect to the
 20 United States branch.

21 Sec. 6. (a) A United States branch shall file with the
 22 commissioner, not later than March 1, May 15, August 15, and
 23 November 15 of each year, all of the following:

24 (1) Statements of the insurance business transacted in the
 25 United States, the assets held by or for the United States
 26 branch in the United States for the protection of policyholders
 27 and creditors in the United States, and the liabilities incurred
 28 against the assets. All of the following apply to the statements
 29 filed under this subdivision:

30 (A) The statements must contain information concerning
 31 only the United States branch's assets and insurance
 32 business in the United States.

33 (B) The statements must be in the same form as statements
 34 required of a domestic company that possesses a certificate
 35 of authority to transact the same kinds of insurance
 36 business as the United States branch transacts.

37 (C) The statements must be filed as follows:

38 (i) Quarterly statements filed not later than May 15,

- 1 **August 15, and November 15 of each year for the first**
 2 **three (3) quarters of the calendar year.**
- 3 **(ii) An annual statement, filed not later than March 1 of**
 4 **each year.**
- 5 **(2) A trustee surplus statement, in a form prescribed by the**
 6 **commissioner, at the end of the period covered by each**
 7 **statement described in subdivision (1)(C). In determining the**
 8 **net amount of the United States branch's liabilities in the**
 9 **United States to be reported in the statement of trustee**
 10 **surplus, the United States branch shall make adjustments to**
 11 **total liabilities reported on the accompanying annual or**
 12 **quarterly statement as follows:**
- 13 **(A) Add back liabilities used to offset admitted assets**
 14 **reported in the accompanying quarterly or annual**
 15 **statement.**
- 16 **(B) Deduct:**
- 17 **(i) unearned premiums on insurance producer balances**
 18 **or uncollected premiums that are not more than ninety**
 19 **(90) days past due;**
- 20 **(ii) losses reinsured by reinsurers authorized to do**
 21 **business in Indiana, less unpaid reinsurance premiums**
 22 **to be paid to the authorized reinsurers;**
- 23 **(iii) reinsurance recoverables on paid losses from**
 24 **reinsurers not authorized to do business in Indiana that**
 25 **are included as an asset in the annual statement, but only**
 26 **to the extent that a liability for the unauthorized**
 27 **recoverables is included in the liabilities report in the**
 28 **trustee surplus statement;**
- 29 **(iv) special state deposits held for the exclusive benefit of**
 30 **policyholders of a particular state that do not exceed net**
 31 **liabilities reports for the particular state;**
- 32 **(v) secured accrued retrospective premiums;**
- 33 **(vi) if the alien company transacting business through**
 34 **the United States branch is a life insurer, the amount of**
 35 **the alien company's policy loans to policyholders in the**
 36 **United States, not exceeding the amount of legal reserve**
 37 **required on each policy, and the net amount of**
 38 **uncollected and deferred premiums; and**

1 (vii) any other nontrust asset that the commissioner
2 determines secures liabilities in a manner substantially
3 similar to the manner in which liabilities are secured by
4 the unearned premiums, losses reinsured, reinsurance
5 recoverables, special state deposits, secured accrued
6 retrospective premiums, and policy loans referred to in
7 items (i) through (vi).

8 (3) Any additional information that relates to the business or
9 assets of the alien company and is required by the
10 commissioner.

11 (b) The annual statement and trusteed surplus statement
12 described in subsection (a) must be signed and verified by the
13 United States manager, the attorney in fact, or an empowered
14 assistant United States manager, of the United States branch. Items
15 of securities and other property held under a trust agreement must
16 be certified in the trusteed surplus statement by the United States
17 trustees.

18 (c) Each report concerning an examination of a United States
19 branch conducted under section 4(i) of this chapter must include
20 a trusteed surplus statement as of the date of examination and a
21 general statement of the financial condition of the United States
22 branch.

23 Sec. 7. (a) Before issuing a new or renewal certificate of
24 authority to a United States branch, the commissioner may require
25 satisfactory proof:

26 (1) in the charter of the alien company transacting business
27 through the United States branch;

28 (2) by an agreement evidenced by a certified resolution of the
29 alien company's board of directors; or

30 (3) otherwise as required by the commissioner;

31 that the United States branch will not engage in any insurance
32 business not authorized by this chapter and by the alien company's
33 charter.

34 (b) The commissioner shall issue a renewal certificate of
35 authority to a United States branch if the commissioner is satisfied
36 that the United States branch is not delinquent in any requirement
37 of this title and that the United States branch's continued insurance
38 business in Indiana is not contrary to the best interest of the

1 citizens of Indiana.

2 (c) A United States branch may not be:

3 (1) granted a certificate of authority to transact any kind of
4 insurance business in Indiana that is not permitted to be
5 transacted in Indiana by a domestic company granted a
6 certificate of authority under this title; or

7 (2) authorized to transact an insurance business in Indiana if
8 the United States branch transacts, anywhere in the United
9 States, any kind of business other than an insurance business
10 (and business incidental to the kind of insurance business)
11 that the United States branch is authorized to transact in
12 Indiana.

13 (d) A United States branch entering the United States through
14 Indiana or another state may not be authorized to transact an
15 insurance business in Indiana if the United States branch fails to
16 substantially comply with any requirement of this title that:

17 (1) applies to a similar domestic company that is organized
18 after July 1, 2007; and

19 (2) the commissioner determines is necessary to protect the
20 interest of the policyholders.

21 (e) Unless the commissioner determines that the kind of
22 insurance is not contrary to the best interest of the citizens of
23 Indiana, a United States branch may not transact any kind of
24 insurance business that is not permitted to be transacted in Indiana
25 by a similar domestic company that is organized after July 1, 2007.

26 (f) A United States branch may not be authorized to transact an
27 insurance business in Indiana unless the United States branch
28 maintains correct and complete records of the United States
29 branch's transactions that are:

30 (1) open to inspection by any person who has the right to
31 inspect the records; and

32 (2) maintained at the United States branch's principal office
33 in Indiana.

34 Sec. 8. If the commissioner determines from a quarterly or
35 annual statement, a trustee surplus statement, or another report
36 that a United States branch's trustee surplus is less than:

37 (1) the minimum capital and surplus requirements; or

38 (2) the authorized control level risk based capital

1 **requirements;**
 2 **whichever is greater, that apply to a domestic insurer granted a**
 3 **certificate of authority to transact the same kind of insurance**
 4 **business in Indiana, the commissioner may proceed under IC 27-9**
 5 **against the United States branch as if the United States branch**
 6 **were an insurer in such condition that further transaction by the**
 7 **insurer of insurance business in the United States would be**
 8 **hazardous to the insurer's policyholders, creditors, or residents of**
 9 **the United States."**

10 Page 4, line 12, delete ",".

11 Page 4, line 24, delete ",".

12 Page 6, between lines 14 and 15, begin a new paragraph and insert:

13 "SECTION 18. IC 27-8-5-2.5, AS AMENDED BY P.L.127-2006,
 14 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 15 JULY 1, 2007]: Sec. 2.5. (a) As used in this section, the term "policy
 16 of accident and sickness insurance" does not include the following:

17 (1) Accident only, credit, dental, vision, Medicare supplement,
 18 long term care, or disability income insurance.

19 (2) Coverage issued as a supplement to liability insurance.

20 (3) Automobile medical payment insurance.

21 (4) A specified disease policy. ~~issued as an individual policy:~~

22 (5) A limited benefit health insurance policy. ~~issued as an~~
 23 ~~individual policy:~~

24 (6) A short term insurance plan that:

25 (A) may not be renewed; and

26 (B) has a duration of not more than six (6) months.

27 (7) A policy that provides a ~~stipulated daily, weekly, or monthly~~
 28 ~~payment to an insured during hospital confinement, without~~
 29 ~~regard to the actual expense of the confinement. indemnity~~
 30 **benefits not based on any expense incurred requirement,**
 31 **including a plan that provides coverage for:**

32 (A) **hospital confinement, critical illness, or intensive care;**
 33 **or**

34 (B) **gaps for deductibles or copayments.**

35 (8) Worker's compensation or similar insurance.

36 (9) A student health ~~insurance policy: plan.~~

37 **(10) A supplemental plan that always pays in addition to other**
 38 **coverage.**

1 **(11) An employer sponsored health benefit plan that is:**

2 **(A) provided to individuals who are eligible for Medicare;**

3 **and**

4 **(B) not marketed as, or held out to be, a Medicare**
 5 **supplement policy.**

6 (b) The benefits provided by:

7 (1) an individual policy of accident and sickness insurance; or

8 (2) a certificate of coverage that is issued under a nonemployer
 9 based association group policy of accident and sickness insurance
 10 to an individual who is a resident of Indiana;

11 may not be excluded, limited, or denied for more than twelve (12)
 12 months after the effective date of the coverage because of a preexisting
 13 condition of the individual.

14 (c) An individual policy of accident and sickness insurance or a
 15 certificate of coverage described in subsection (b) may not define a
 16 preexisting condition, a rider, or an endorsement more restrictively
 17 than as:

18 (1) a condition that would have caused an ordinarily prudent
 19 person to seek medical advice, diagnosis, care, or treatment
 20 during the twelve (12) months immediately preceding the
 21 effective date of ~~enrollment in~~ the plan;

22 (2) a condition for which medical advice, diagnosis, care, or
 23 treatment was recommended or received during the twelve (12)
 24 months immediately preceding the effective date of ~~enrollment in~~
 25 the plan; or

26 (3) a pregnancy existing on the effective date of ~~enrollment in~~ the
 27 plan.

28 (d) An insurer shall reduce the period allowed for a preexisting
 29 condition exclusion described in subsection (b) by the amount of time
 30 the individual has continuously served under a preexisting condition
 31 clause for a policy of accident and sickness insurance issued under
 32 IC 27-8-15 if the individual applies for a policy under this chapter not
 33 more than thirty (30) days after coverage under a policy of accident and
 34 sickness insurance issued under IC 27-8-15 expires.

35 (e) This subsection applies to a policy that is issued after June 30,
 36 2003, and before July 1, 2005. Notwithstanding subsections (b) and (c),
 37 an individual policy of accident and sickness insurance may contain a
 38 waiver of coverage for a specified condition and complications directly

- 1 related to the specified condition if:
- 2 (1) the period for which the exemption would be in effect does not
- 3 exceed two (2) years; and
- 4 (2) all of the following conditions are met:
 - 5 (A) The insurer provides to the applicant before issuance of
 - 6 the policy a written notice explaining the waiver of coverage
 - 7 for the specified condition and complications directly related
 - 8 to the specified condition, including a specific description of
 - 9 each condition, complication, service, and treatment for which
 - 10 coverage is being waived.
 - 11 (B) The:
 - 12 (i) offer of coverage; and
 - 13 (ii) policy;
 - 14 include the waiver in a separate section stating in bold print
 - 15 that the applicant is receiving coverage with an exception for
 - 16 the waived condition and specifying each related condition,
 - 17 complication, service, and treatment for which coverage is
 - 18 waived.
 - 19 (C) The:
 - 20 (i) offer of coverage; and
 - 21 (ii) policy;
 - 22 do not include more than two (2) waivers per individual.
 - 23 (D) The waiver period is concurrent with and not in addition
 - 24 to any applicable preexisting condition limitation or
 - 25 exclusionary period.
 - 26 (E) The insurer agrees to:
 - 27 (i) review the underwriting basis for the waiver upon request
 - 28 one (1) time per year; and
 - 29 (ii) remove the waiver if the insurer determines that
 - 30 evidence of insurability is satisfactory.
 - 31 (F) The insurer discloses to the applicant that the applicant
 - 32 may decline the offer of coverage and apply for a policy issued
 - 33 by the Indiana comprehensive health insurance association
 - 34 under IC 27-8-10.
 - 35 (G) The waiver of coverage does not apply to coverage
 - 36 required under state law.
 - 37 (H) An insurance benefit card issued by the insurer to the
 - 38 applicant includes a telephone number for verification of

1 coverage waived.

2 The insurer shall require an applicant to initial the written notice
3 provided under subdivision (2)(A) and the waiver included in the offer
4 of coverage and in the policy under subdivision (2)(B) to acknowledge
5 acceptance of the waiver of coverage. An offer of coverage under a
6 policy that includes a waiver under this subsection does not preclude
7 eligibility for an Indiana comprehensive health insurance association
8 policy under IC 27-8-10-5.1. This subsection expires July 1, 2007.

9 (f) This subsection applies to a policy that is issued after June 30,
10 2003, and before July 1, 2005. An insurer shall not, on the basis of a
11 waiver contained in a policy as provided in subsection (e), deny
12 coverage for any condition, complication, service, or treatment that is
13 not specified as required in the:

- 14 (1) written notice under subsection (e)(2)(A); and
15 (2) offer of coverage and policy under subsection (e)(2)(B).

16 This subsection expires July 1, 2007.

17 (g) This subsection applies to a policy that is issued after June 30,
18 2003, and before July 1, 2005. An individual who is covered under a
19 policy that includes a waiver under subsection (e) may directly appeal
20 a denial of coverage based on the waiver by filing a request for an
21 external grievance review under IC 27-8-29 without pursuing a
22 grievance under IC 27-8-28. This subsection expires July 1, 2007.

23 (h) This subsection applies to a policy that is issued after June 30,
24 2003, and before July 1, 2005. Notwithstanding subsection (e), an
25 individual policy of accident and sickness insurance may not contain
26 a waiver of coverage for:

- 27 (1) a mental health condition; or
28 (2) a developmental disability.

29 This subsection expires July 1, 2007.

30 (i) This subsection applies to a policy that is issued after June 30,
31 2003, and before July 1, 2005. A waiver under this section may be
32 applied to a policy of accident and sickness insurance only at the time
33 the policy is issued. This subsection expires July 1, 2007.

34 (j) This subsection applies to a policy that is issued after June 30,
35 2003, and before July 1, 2005. An insurer or insurance producer shall
36 not use this section to circumvent the guaranteed access and
37 availability provisions of this chapter, IC 27-8-15, or the federal Health
38 Insurance Portability and Accountability Act of 1996 (P.L. 104-191).

1 This subsection expires July 1, 2007.

2 (k) This subsection applies to a policy that is issued after June 30,
3 2003, and before July 1, 2005. A pattern or practice of violations of
4 subsections (e) through (j) is an unfair method of competition or an
5 unfair and deceptive act and practice in the business of insurance under
6 IC 27-4-1-4. This subsection expires July 1, 2007.

7 SECTION 19. IC 27-8-5-15.6 IS AMENDED TO READ AS
8 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 15.6. (a) As used in this
9 section, "coverage of services for a mental illness" includes the services
10 defined under the policy of accident and sickness insurance. However,
11 the term does not include services for the treatment of substance abuse
12 or chemical dependency.

13 (b) This section applies to a policy of accident and sickness
14 insurance that:

- 15 (1) is issued on an individual basis or a group basis;
- 16 (2) is issued, entered into, or renewed after December 31, 1999;
- 17 and
- 18 (3) is issued to an employer that employs more than fifty (50)
19 full-time employees.

20 (c) This section does not apply to the following:

- 21 ~~(1) An insurance policy listed under IC 27-8-15-9(b).~~
- 22 ~~(2) (1) A legal business entity that has obtained an exemption~~
23 ~~under section 15.7 of this chapter.~~
- 24 **(2) Accident only, credit, dental, vision, Medicare supplement,**
25 **long term care, or disability income insurance.**
- 26 **(3) Coverage issued as a supplement to liability insurance.**
- 27 **(4) Worker's compensation or similar insurance.**
- 28 **(5) Automobile medical payment insurance.**
- 29 **(6) A specified disease policy.**
- 30 **(7) A limited benefit health insurance policy.**
- 31 **(8) A short term insurance plan that:**
 - 32 **(A) may not be renewed; and**
 - 33 **(B) has a duration of not more than six (6) months.**
- 34 **(9) A policy that provides indemnity benefits not based on any**
35 **expense incurred requirement, including a plan that provides**
36 **coverage for:**
 - 37 **(A) hospital confinement, critical illness, or intensive care;**
38 **or**

- 1 **(B) gaps for deductibles or copayments.**
 2 **(10) A supplemental plan that always pays in addition to other**
 3 **coverage.**
 4 **(11) A student health plan.**
 5 **(12) An employer sponsored health benefit plan that is:**
 6 **(A) provided to individuals who are eligible for Medicare;**
 7 **and**
 8 **(B) not marketed as, or held out to be, a Medicare**
 9 **supplement policy.**

10 (d) A group or individual insurance policy or agreement may not
 11 permit treatment limitations or financial requirements on the coverage
 12 of services for a mental illness if similar limitations or requirements are
 13 not imposed on the coverage of services for other medical or surgical
 14 conditions.

15 (e) An insurer that issues a policy of accident and sickness
 16 insurance that provides coverage of services for the treatment of
 17 substance abuse and chemical dependency when the services are
 18 required in the treatment of a mental illness shall offer to provide the
 19 coverage without treatment limitations or financial requirements if
 20 similar limitations or requirements are not imposed on the coverage of
 21 services for other medical or surgical conditions.

22 (f) This section does not require a group or individual insurance
 23 policy or agreement to offer mental health benefits.

24 (g) The benefits delivered under this section may be delivered under
 25 a managed care system.

26 SECTION 20. IC 27-8-5-19, AS AMENDED BY P.L.127-2006,
 27 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 28 JULY 1, 2007]: Sec. 19. (a) As used in this chapter, "late enrollee" has
 29 the meaning set forth in 26 U.S.C. 9801(b)(3).

30 (b) A policy of group accident and sickness insurance may not be
 31 issued to a group that has a legal situs in Indiana unless it contains in
 32 substance:

- 33 (1) the provisions described in subsection (c); or
 34 (2) provisions that, in the opinion of the commissioner, are:
 35 (A) more favorable to the persons insured; or
 36 (B) at least as favorable to the persons insured and more
 37 favorable to the policyholder;
 38 than the provisions set forth in subsection (c).

- 1 (c) The provisions referred to in subsection (b)(1) are as follows:
- 2 (1) A provision that the policyholder is entitled to a grace period
- 3 of thirty-one (31) days for the payment of any premium due
- 4 except the first, during which grace period the policy will
- 5 continue in force, unless the policyholder has given the insurer
- 6 written notice of discontinuance in advance of the date of
- 7 discontinuance and in accordance with the terms of the policy.
- 8 The policy may provide that the policyholder is liable to the
- 9 insurer for the payment of a pro rata premium for the time the
- 10 policy was in force during the grace period. A provision under
- 11 this subdivision may provide that the insurer is not obligated to
- 12 pay claims incurred during the grace period until the premium
- 13 due is received.
- 14 (2) A provision that the validity of the policy may not be
- 15 contested, except for nonpayment of premiums, after the policy
- 16 has been in force for two (2) years after its date of issue, and that
- 17 no statement made by a person covered under the policy relating
- 18 to the person's insurability may be used in contesting the validity
- 19 of the insurance with respect to which the statement was made,
- 20 unless:
- 21 (A) the insurance has not been in force for a period of two (2)
- 22 years or longer during the person's lifetime; or
- 23 (B) the statement is contained in a written instrument signed
- 24 by the insured person.
- 25 However, a provision under this subdivision may not preclude the
- 26 assertion at any time of defenses based upon a person's
- 27 ineligibility for coverage under the policy or based upon other
- 28 provisions in the policy.
- 29 (3) A provision that a copy of the application, if there is one, of
- 30 the policyholder must be attached to the policy when issued, that
- 31 all statements made by the policyholder or by the persons insured
- 32 are to be deemed representations and not warranties, and that no
- 33 statement made by any person insured may be used in any contest
- 34 unless a copy of the instrument containing the statement is or has
- 35 been furnished to the insured person or, in the event of death or
- 36 incapacity of the insured person, to the insured person's
- 37 beneficiary or personal representative.
- 38 (4) A provision setting forth the conditions, if any, under which

1 the insurer reserves the right to require a person eligible for
 2 insurance to furnish evidence of individual insurability
 3 satisfactory to the insurer as a condition to part or all of the
 4 person's coverage.

5 (5) A provision specifying any additional exclusions or limitations
 6 applicable under the policy with respect to a disease or physical
 7 condition of a person that existed before the effective date of the
 8 person's coverage under the policy and that is not otherwise
 9 excluded from the person's coverage by name or specific
 10 description effective on the date of the person's loss. An exclusion
 11 or limitation that must be specified in a provision under this
 12 subdivision:

13 (A) may apply only to a disease or physical condition for
 14 which medical advice, diagnosis, care, or treatment was
 15 received by the person or recommended to the person during
 16 the six (6) months before the **enrollment effective** date of the
 17 person's coverage; and

18 (B) may not apply to a loss incurred or disability beginning
 19 after the earlier of:

20 (i) the end of a continuous period of twelve (12) months
 21 beginning on or after the **enrollment effective** date of the
 22 person's coverage; or

23 (ii) the end of a continuous period of eighteen (18) months
 24 beginning on the **enrollment effective** date of the person's
 25 coverage if the person is a late enrollee.

26 This subdivision applies only to group policies of accident and
 27 sickness insurance other than those described in section 2.5(a)(1)
 28 through 2.5(a)(8) and 2.5(b)(2) of this chapter.

29 (6) A provision specifying any additional exclusions or limitations
 30 applicable under the policy with respect to a disease or physical
 31 condition of a person that existed before the effective date of the
 32 person's coverage under the policy. An exclusion or limitation that
 33 must be specified in a provision under this subdivision:

34 (A) may apply only to a disease or physical condition for
 35 which medical advice or treatment was received by the person
 36 during a period of three hundred sixty-five (365) days before
 37 the effective date of the person's coverage; and

38 (B) may not apply to a loss incurred or disability beginning

1 after the earlier of the following:

2 (i) The end of a continuous period of three hundred
3 sixty-five (365) days, beginning on or after the effective date
4 of the person's coverage, during which the person did not
5 receive medical advice or treatment in connection with the
6 disease or physical condition.

7 (ii) The end of the two (2) year period beginning on the
8 effective date of the person's coverage.

9 This subdivision applies only to group policies of accident and
10 sickness insurance described in section 2.5(a)(1) through
11 2.5(a)(8) of this chapter.

12 (7) If premiums or benefits under the policy vary according to a
13 person's age, a provision specifying an equitable adjustment of:

- 14 (A) premiums;
15 (B) benefits; or
16 (C) both premiums and benefits;

17 to be made if the age of a covered person has been misstated. A
18 provision under this subdivision must contain a clear statement of
19 the method of adjustment to be used.

20 (8) A provision that the insurer will issue to the policyholder, for
21 delivery to each person insured, a certificate, in electronic or
22 paper form, setting forth a statement that:

- 23 (A) explains the insurance protection to which the person
24 insured is entitled;
25 (B) indicates to whom the insurance benefits are payable; and
26 (C) explains any family member's or dependent's coverage
27 under the policy.

28 The provision must specify that the certificate will be provided in
29 paper form upon the request of the insured.

30 (9) A provision stating that written notice of a claim must be
31 given to the insurer within twenty (20) days after the occurrence
32 or commencement of any loss covered by the policy, but that a
33 failure to give notice within the twenty (20) day period does not
34 invalidate or reduce any claim if it can be shown that it was not
35 reasonably possible to give notice within that period and that
36 notice was given as soon as was reasonably possible.

37 (10) A provision stating that:

- 38 (A) the insurer will furnish to the person making a claim, or to

- 1 the policyholder for delivery to the person making a claim,
 2 forms usually furnished by the insurer for filing proof of loss;
 3 and
- 4 (B) if the forms are not furnished within fifteen (15) days after
 5 the insurer received notice of a claim, the person making the
 6 claim will be deemed to have complied with the requirements
 7 of the policy as to proof of loss upon submitting, within the
 8 time fixed in the policy for filing proof of loss, written proof
 9 covering the occurrence, character, and extent of the loss for
 10 which the claim is made.
- 11 (11) A provision stating that:
- 12 (A) in the case of a claim for loss of time for disability, written
 13 proof of the loss must be furnished to the insurer within ninety
 14 (90) days after the commencement of the period for which the
 15 insurer is liable, and that subsequent written proofs of the
 16 continuance of the disability must be furnished to the insurer
 17 at reasonable intervals as may be required by the insurer;
- 18 (B) in the case of a claim for any other loss, written proof of
 19 the loss must be furnished to the insurer within ninety (90)
 20 days after the date of the loss; and
- 21 (C) the failure to furnish proof within the time required under
 22 clause (A) or (B) does not invalidate or reduce any claim if it
 23 was not reasonably possible to furnish proof within that time,
 24 and if proof is furnished as soon as reasonably possible but
 25 (except in case of the absence of legal capacity of the
 26 claimant) no later than one (1) year from the time proof is
 27 otherwise required under the policy.
- 28 (12) A provision that:
- 29 (A) all benefits payable under the policy (other than benefits
 30 for loss of time) will be paid:
- 31 **(i) immediately upon receipt of written proof of loss if**
 32 **the claim is filed by the policyholder; or**
- 33 **(ii) in accordance with IC 27-8-5.7 if the claim is filed by**
 34 **the provider (as defined in IC 27-8-5.7-4); and**
- 35 (B) subject to due proof of loss, all accrued benefits under the
 36 policy for loss of time will be paid not less frequently than
 37 monthly during the continuance of the period for which the
 38 insurer is liable, and any balance remaining unpaid at the

- 1 termination of the period for which the insurer is liable will be
2 paid as soon as possible after receipt of the proof of loss.
- 3 (13) A provision that benefits for loss of life of the person insured
4 are payable to the beneficiary designated by the person insured.
5 However, if the policy contains conditions pertaining to family
6 status, the beneficiary may be the family member specified by the
7 policy terms. In either case, payment of benefits for loss of life is
8 subject to the provisions of the policy if no designated or
9 specified beneficiary is living at the death of the person insured.
10 All other benefits of the policy are payable to the person insured.
11 The policy may also provide that if any benefit is payable to the
12 estate of a person or to a person who is a minor or otherwise not
13 competent to give a valid release, the insurer may pay the benefit,
14 up to an amount of five thousand dollars (\$5,000), to any relative
15 by blood or connection by marriage of the person who is deemed
16 by the insurer to be equitably entitled to the benefit.
- 17 (14) A provision that the insurer, **at the insurer's expense**, has
18 the right and must be allowed the opportunity to:
- 19 (A) examine the person of the individual for whom a claim is
20 made under the policy when and as often as the insurer
21 reasonably requires during the pendency of the claim; and
22 (B) conduct an autopsy in case of death if it is not prohibited
23 by law.
- 24 (15) A provision that no action at law or in equity may be brought
25 to recover on the policy less than sixty (60) days after proof of
26 loss is filed in accordance with the requirements of the policy and
27 that no action may be brought at all more than three (3) years after
28 the expiration of the time within which proof of loss is required
29 by the policy.
- 30 (16) In the case of a policy insuring debtors, a provision that the
31 insurer will furnish to the policyholder, for delivery to each debtor
32 insured under the policy, a certificate of insurance describing the
33 coverage and specifying that the benefits payable will first be
34 applied to reduce or extinguish the indebtedness.
- 35 (17) If the policy provides that hospital or medical expense
36 coverage of a dependent child of a group member terminates upon
37 the child's attainment of the limiting age for dependent children
38 set forth in the policy, a provision that the child's attainment of the

1 limiting age does not terminate the hospital and medical coverage
2 of the child while the child is:

- 3 (A) incapable of self-sustaining employment because of
4 mental retardation or mental or physical disability; and
5 (B) chiefly dependent upon the group member for support and
6 maintenance.

7 A provision under this subdivision may require that proof of the
8 child's incapacity and dependency be furnished to the insurer by
9 the group member within one hundred twenty (120) days of the
10 child's attainment of the limiting age and, subsequently, at
11 reasonable intervals during the two (2) years following the child's
12 attainment of the limiting age. The policy may not require proof
13 more than once per year in the time more than two (2) years after
14 the child's attainment of the limiting age. This subdivision does
15 not require an insurer to provide coverage to a mentally retarded
16 or mentally or physically disabled child who does not satisfy the
17 requirements of the group policy as to evidence of insurability or
18 other requirements for coverage under the policy to take effect. In
19 any case, the terms of the policy apply with regard to the coverage
20 or exclusion from coverage of the child.

21 (18) A provision that complies with the group portability and
22 guaranteed renewability provisions of the federal Health
23 Insurance Portability and Accountability Act of 1996
24 (P.L.104-191).

25 (d) Subsection (c)(5), (c)(8), and (c)(13) do not apply to policies
26 insuring the lives of debtors. The standard provisions required under
27 section 3(a) of this chapter for individual accident and sickness
28 insurance policies do not apply to group accident and sickness
29 insurance policies.

30 (e) If any policy provision required under subsection (c) is in whole
31 or in part inapplicable to or inconsistent with the coverage provided by
32 an insurer under a particular form of policy, the insurer, with the
33 approval of the commissioner, shall delete the provision from the
34 policy or modify the provision in such a manner as to make it
35 consistent with the coverage provided by the policy.

36 (f) An insurer that issues a policy described in this section shall
37 include in the insurer's enrollment materials information concerning the
38 manner in which an individual insured under the policy may:

- 1 (1) obtain a certificate described in subsection (c)(8); and
 2 (2) request the certificate in paper form.

3 SECTION 21. IC 27-8-5-20 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 20. (a) All individual
 5 accident and health insurance policies, other than those issued pursuant
 6 to direct response solicitation, must have a notice prominently printed
 7 on the first page of the policy stating in substance that the policyholder
 8 has the right to return the policy:

9 (1) **except as provided in subdivision (2)**, within ten (10) days
 10 of its delivery; **or**

11 (2) **if the policy is a travel accident insurance policy, until the**
 12 **earlier of:**

13 (A) **thirty (30) days after the policy is delivered; or**

14 (B) **the date of departure;**

15 and to have the premium refunded if, after examination of the policy,
 16 the insured person is not satisfied for any reason.

17 (b) All accident and health insurance policies issued pursuant to a
 18 direct response solicitation must have a notice prominently printed on
 19 the first page stating in substance that the policyholder has the right to
 20 return the policy:

21 (1) **except as provided in subdivision (2)**, within thirty (30) days
 22 of its delivery; **or**

23 (2) **if the policy is a travel accident insurance policy, until the**
 24 **earlier of:**

25 (A) **thirty (30) days after the policy is delivered; or**

26 (B) **the date of departure;**

27 and to have the premium refunded if, after examination of the policy,
 28 the insured person is not satisfied for any reason.

29 (c) **Notwithstanding subsection (b), a short term health**
 30 **insurance policy that is written for a period of less than sixty-one**
 31 **(61) days and issued pursuant to a direct response solicitation must**
 32 **have a notice prominently printed on the first page stating in**
 33 **substance that the policyholder has the right to return the policy**
 34 **within ten (10) days after the policy's delivery and to have the**
 35 **premium refunded if, after examination of the policy, the insured**
 36 **person is not satisfied for any reason.**

37 SECTION 22. IC 27-8-5-27 IS AMENDED TO READ AS
 38 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 27. (a) As used in this

1 section, "accident and sickness insurance policy" means an insurance
 2 policy that provides at least one (1) of the types of insurance described
 3 in IC 27-1-5-1, Classes 1(b) and 2(a), and is issued on a group basis.

4 The term does not include the following:

5 (1) Accident only, credit, dental, vision, ~~Medicare~~, Medicare
 6 supplement, long term care, or disability income insurance.

7 (2) Coverage issued as a supplement to liability insurance.

8 (3) Automobile medical payment insurance.

9 (4) A specified disease policy.

10 (5) A limited benefit health insurance policy.

11 (6) A short term insurance plan that:

12 (A) may not be renewed; and

13 (B) has a duration of not more than six (6) months.

14 (7) A policy that provides a ~~stipulated daily, weekly, or monthly~~
 15 ~~payment to an insured during hospital confinement; without~~
 16 ~~regard to the actual expense of the confinement. indemnity~~
 17 **benefits not based on any expense incurred requirement,**
 18 **including a plan that provides coverage for:**

19 (A) **hospital confinement, critical illness, or intensive care;**
 20 **or**

21 (B) **gaps for deductibles or copayments.**

22 (8) Worker's compensation or similar insurance.

23 (9) A student health ~~insurance policy. plan.~~

24 (10) **A supplemental plan that always pays in addition to other**
 25 **coverage.**

26 (11) **An employer sponsored health benefit plan that is:**

27 (A) **provided to individuals who are eligible for Medicare;**
 28 **and**

29 (B) **not marketed as, or held out to be, a Medicare**
 30 **supplement policy.**

31 (b) As used in this section, "insured" means a child or an individual
 32 with a disability who is entitled to coverage under an accident and
 33 sickness insurance policy.

34 (c) As used in this section, "child" means an individual who is less
 35 than nineteen (19) years of age.

36 (d) As used in this section, "individual with a disability" means an
 37 individual:

38 (1) with a physical or mental impairment that substantially limits

1 one (1) or more of the major life activities of the individual; and
 2 (2) who:
 3 (A) has a record of; or
 4 (B) is regarded as;
 5 having an impairment described in subdivision (1).

6 (e) A policy of accident and sickness insurance must include
 7 coverage for anesthesia and hospital charges for dental care for an
 8 insured if the mental or physical condition of the insured requires
 9 dental treatment to be rendered in a hospital or an ambulatory
 10 outpatient surgical center. The Indications for General Anesthesia, as
 11 published in the reference manual of the American Academy of
 12 Pediatric Dentistry, are the utilization standards for determining
 13 whether performing dental procedures necessary to treat the insured's
 14 condition under general anesthesia constitutes appropriate treatment.

15 (f) An insurer that issues a policy of accident and sickness insurance
 16 may:

17 (1) require prior authorization for hospitalization or treatment in
 18 an ambulatory outpatient surgical center for dental care
 19 procedures in the same manner that prior authorization is required
 20 for hospitalization or treatment of other covered medical
 21 conditions; and

22 (2) restrict coverage to include only procedures performed by a
 23 licensed dentist who has privileges at the hospital or ambulatory
 24 outpatient surgical center.

25 (g) This section does not apply to treatment rendered for temporal
 26 mandibular joint disorders (TMJ).

27 SECTION 23. IC 27-8-5.6-1 IS AMENDED TO READ AS
 28 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. **(a)** As used in this
 29 chapter, the term "accident and sickness insurance" means any policy
 30 or contract covering one (1) or more of the kinds of insurance
 31 described in classes 1(b) or 2(a) of IC 1971, 27-1-5-1, as governed by
 32 IC 1971, 27-8-5.

33 **(b) The term does not include the following:**

34 **(1) Accident only, credit, dental, vision, Medicare supplement,**
 35 **long term care, or disability income insurance.**

36 **(2) Coverage issued as a supplement to liability insurance.**

37 **(3) Worker's compensation or similar insurance.**

38 **(4) Automobile medical payment insurance.**

- 1 **(5) A specified disease policy.**
 2 **(6) A limited benefit health insurance policy.**
 3 **(7) A short term insurance plan that:**
 4 **(A) may not be renewed; and**
 5 **(B) has a duration of not more than six (6) months.**
 6 **(8) A policy that provides indemnity benefits not based on any**
 7 **expense incurred requirement, including a plan that provides**
 8 **coverage for:**
 9 **(A) hospital confinement, critical illness, or intensive care;**
 10 **or**
 11 **(B) gaps for deductibles or copayments.**
 12 **(9) A supplemental plan that always pays in addition to other**
 13 **coverage.**
 14 **(10) A student health plan.**
 15 **(11) An employer sponsored health benefit plan that is:**
 16 **(A) provided to individuals who are eligible for Medicare;**
 17 **and**
 18 **(B) not marketed as, or held out to be, a Medicare**
 19 **supplement policy.".**
- 20 Page 7, after line 9, begin a new paragraph and insert:
 21 "SECTION 25. IC 27-8-14-1 IS AMENDED TO READ AS
 22 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. **(a)** As used in this
 23 chapter, "accident and sickness insurance policy" means an insurance
 24 policy that:
 25 (1) provides one (1) or more of the types of insurance described
 26 in IC 27-1-5-1, classes 1(b) and 2(a); and
 27 (2) is issued on a group basis.
 28 **(b) The term does not include the following:**
 29 **(1) Accident only, credit, dental, vision, Medicare supplement,**
 30 **long term care, or disability income insurance.**
 31 **(2) Coverage issued as a supplement to liability insurance.**
 32 **(3) Worker's compensation or similar insurance.**
 33 **(4) Automobile medical payment insurance.**
 34 **(5) A specified disease policy.**
 35 **(6) A limited benefit health insurance policy.**
 36 **(7) A short term insurance plan that:**
 37 **(A) may not be renewed; and**
 38 **(B) has a duration of not more than six (6) months.**

- 1 **(8) A policy that provides indemnity benefits not based on any**
 2 **expense incurred requirement, including a plan that provides**
 3 **coverage for:**
- 4 **(A) hospital confinement, critical illness, or intensive care;**
 5 **or**
 6 **(B) gaps for deductibles or copayments.**
- 7 **(9) A supplemental plan that always pays in addition to other**
 8 **coverage.**
- 9 **(10) A student health plan.**
- 10 **(11) An employer sponsored health benefit plan that is:**
- 11 **(A) provided to individuals who are eligible for Medicare;**
 12 **and**
 13 **(B) not marketed as, or held out to be, a Medicare**
 14 **supplement policy.**
- 15 SECTION 26. IC 27-8-14.1-1 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
 17 chapter, "accident and sickness insurance policy" means an insurance
 18 policy that:
- 19 (1) provides one (1) or more of the types of insurance described
 20 in IC 27-1-5-1, classes 1(b) and 2(a); and
 21 (2) is issued on a group basis.
- 22 (b) As used in this chapter, "accident and sickness insurance policy"
 23 does not include **the following:**
- 24 ~~(1) accident only;~~
 25 ~~(2) credit;~~
 26 ~~(3) dental;~~
 27 ~~(4) vision;~~
 28 ~~(5) Medicare supplement;~~
 29 ~~(6) long term care; or~~
 30 ~~(7) disability income;~~
 31 insurance:
- 32 **(1) Accident only, credit, dental, vision, Medicare supplement,**
 33 **long term care, or disability income insurance.**
 34 **(2) Coverage issued as a supplement to liability insurance.**
 35 **(3) Worker's compensation or similar insurance.**
 36 **(4) Automobile medical payment insurance.**
 37 **(5) A specified disease policy.**
 38 **(6) A limited benefit health insurance policy.**

- 1 **(7) A short term insurance plan that:**
 2 **(A) may not be renewed; and**
 3 **(B) has a duration of not more than six (6) months.**
 4 **(8) A policy that provides indemnity benefits not based on any**
 5 **expense incurred requirement, including a plan that provides**
 6 **coverage for:**
 7 **(A) hospital confinement, critical illness, or intensive care;**
 8 **or**
 9 **(B) gaps for deductibles or copayments.**
 10 **(9) A supplemental plan that always pays in addition to other**
 11 **coverage.**
 12 **(10) A student health plan.**
 13 **(11) An employer sponsored health benefit plan that is:**
 14 **(A) provided to individuals who are eligible for Medicare;**
 15 **and**
 16 **(B) not marketed as, or held out to be, a Medicare**
 17 **supplement policy.**
- 18 SECTION 27. IC 27-8-14.2-1 IS AMENDED TO READ AS
 19 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
 20 chapter, "accident and sickness insurance policy" means an insurance
 21 policy that provides one (1) or more of the types of insurance described
 22 in IC 27-1-5-1, classes 1(b) and 2(a).
 23 (b) The term does not include the following:
 24 (1) Accident only, credit, dental, vision, Medicare supplement,
 25 long term care, or disability income insurance.
 26 (2) Coverage issued as a supplement to liability insurance.
 27 (3) Worker's compensation or similar insurance.
 28 (4) Automobile medical payment insurance.
 29 (5) A specified disease policy. ~~issued as an individual policy.~~
 30 (6) A limited benefit health insurance policy. ~~issued as an~~
 31 ~~individual policy.~~
 32 (7) A short term insurance plan that:
 33 (A) may not be renewed; and
 34 (B) has a duration of not more than six (6) months.
 35 (8) A policy that provides ~~a stipulated daily, weekly, or monthly~~
 36 ~~payment to an insured during hospital confinement, without~~
 37 ~~regard to the actual expense of the confinement. indemnity~~
 38 **benefits not based on any expense incurred requirement,**

- 1 **including a plan that provides coverage for:**
 2 **(A) hospital confinement, critical illness, or intensive care;**
 3 **or**
 4 **(B) gaps for deductibles or copayments.**
 5 **(9) A supplemental plan that always pays in addition to other**
 6 **coverage.**
 7 **(10) A student health plan.**
 8 **(11) An employer sponsored health benefit plan that is:**
 9 **(A) provided to individuals who are eligible for Medicare;**
 10 **and**
 11 **(B) not marketed as, or held out to be, a Medicare**
 12 **supplement policy.**
- 13 SECTION 28. IC 27-8-14.5-1 IS AMENDED TO READ AS
 14 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
 15 chapter, "health insurance plan" means any:
 16 (1) hospital or medical expense incurred policy or certificate;
 17 (2) hospital or medical service plan contract; or
 18 (3) health maintenance organization subscriber contract;
 19 provided to an insured.
- 20 (b) The term does not include the following:
 21 (1) Accident only, credit, dental, vision, Medicare supplement,
 22 long term care, or disability income insurance.
 23 (2) Coverage issued as a supplement to liability insurance.
 24 (3) Worker's compensation or similar insurance.
 25 (4) Automobile medical payment insurance.
 26 (5) A specified disease policy. ~~issued as an individual policy.~~
 27 (6) A limited benefit health insurance policy. ~~issued as an~~
 28 ~~individual policy.~~
 29 (7) A short term insurance plan that:
 30 (A) may not be renewed; and
 31 (B) has a duration of not more than six (6) months.
 32 (8) A policy that provides a stipulated daily, weekly, or monthly
 33 payment to an insured during hospital confinement, without
 34 regard to the actual expense of the confinement. **indemnity**
 35 **benefits not based on any expense incurred requirement,**
 36 **including a plan that provides coverage for:**
 37 **(A) hospital confinement, critical illness, or intensive care;**
 38 **or**

- 1 **(B) gaps for deductibles or copayments.**
 2 **(9) A supplemental plan that always pays in addition to other**
 3 **coverage.**
 4 **(10) A student health plan.**
 5 **(11) An employer sponsored health benefit plan that is:**
 6 **(A) provided to individuals who are eligible for Medicare;**
 7 **and**
 8 **(B) not marketed as, or held out to be, a Medicare**
 9 **supplement policy.**
- 10 SECTION 29. IC 27-8-14.7-1 IS AMENDED TO READ AS
 11 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
 12 chapter, "accident and sickness insurance policy" means an insurance
 13 policy that:
 14 (1) provides at least one (1) of the types of insurance described in
 15 IC 27-1-5-1, Classes 1(b) and 2(a); and
 16 (2) is issued on a group basis.
 17 (b) "Accident and sickness insurance policy" does not include
 18 accident only; credit; dental; vision; Medicare supplement; long-term
 19 care; or disability income insurance: **the following:**
 20 **(1) Accident only, credit, dental, vision, Medicare supplement,**
 21 **long term care, or disability income insurance.**
 22 **(2) Coverage issued as a supplement to liability insurance.**
 23 **(3) Worker's compensation or similar insurance.**
 24 **(4) Automobile medical payment insurance.**
 25 **(5) A specified disease policy.**
 26 **(6) A limited benefit health insurance policy.**
 27 **(7) A short term insurance plan that:**
 28 **(A) may not be renewed; and**
 29 **(B) has a duration of not more than six (6) months.**
 30 **(8) A policy that provides indemnity benefits not based on any**
 31 **expense incurred requirement, including a plan that provides**
 32 **coverage for:**
 33 **(A) hospital confinement, critical illness, or intensive care;**
 34 **or**
 35 **(B) gaps for deductibles or copayments.**
 36 **(9) A supplemental plan that always pays in addition to other**
 37 **coverage.**
 38 **(10) A student health plan.**

1 **(11) An employer sponsored health benefit plan that is:**

2 **(A) provided to individuals who are eligible for Medicare;**
3 **and**

4 **(B) not marketed as, or held out to be, a Medicare**
5 **supplement policy.**

6 SECTION 30. IC 27-8-14.8-1 IS AMENDED TO READ AS
7 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
8 chapter, "accident and sickness insurance policy" means an insurance
9 policy that:

10 (1) provides at least one (1) of the types of insurance described in
11 IC 27-1-5-1, Classes 1(b) and 2(a); and

12 (2) is issued on a group basis.

13 (b) "Accident and sickness insurance policy" does not include a
14 policy providing accident only, credit, dental, vision, Medicare
15 supplement, long-term care, or disability income insurance. ~~the~~
16 **following:**

17 **(1) Accident only, credit, dental, vision, Medicare supplement,**
18 **long term care, or disability income insurance.**

19 **(2) Coverage issued as a supplement to liability insurance.**

20 **(3) Worker's compensation or similar insurance.**

21 **(4) Automobile medical payment insurance.**

22 **(5) A specified disease policy.**

23 **(6) A limited benefit health insurance policy.**

24 **(7) A short term insurance plan that:**

25 **(A) may not be renewed; and**

26 **(B) has a duration of not more than six (6) months.**

27 **(8) A policy that provides indemnity benefits not based on any**
28 **expense incurred requirement, including a plan that provides**
29 **coverage for:**

30 **(A) hospital confinement, critical illness, or intensive care;**
31 **or**

32 **(B) gaps for deductibles or copayments.**

33 **(9) A supplemental plan that always pays in addition to other**
34 **coverage.**

35 **(10) A student health plan.**

36 **(11) An employer sponsored health benefit plan that is:**

37 **(A) provided to individuals who are eligible for Medicare;**
38 **and**

1 **(B) not marketed as, or held out to be, a Medicare**
 2 **supplement policy.**

3 SECTION 31. IC 27-8-16-5 IS AMENDED TO READ AS
 4 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5. (a) A claim review
 5 agent may not conduct medical claims review concerning health care
 6 services delivered to an enrollee in Indiana unless the claim review
 7 agent holds a certificate of registration issued by the department under
 8 this chapter.

9 (b) To obtain a certificate of registration under this chapter, a claim
 10 review agent must submit to the department an application containing
 11 the following:

12 (1) The name, address, telephone number, and normal business
 13 hours of the claim review agent.

14 (2) The name and telephone number of a person that the
 15 department may contact concerning the information in the
 16 application.

17 (3) Documentation necessary for the department to determine that
 18 the claim review agent is capable of satisfying the minimum
 19 requirements set forth in section 7 of this chapter.

20 (c) An application submitted under this section must be:

21 (1) signed and verified by the applicant; and

22 (2) accompanied by an application fee in the amount established
 23 under subsection (d).

24 **The commissioner shall deposit an application fee collected under**
 25 **this subsection into the department of insurance fund established**
 26 **by IC 27-1-3-28.**

27 (d) The department shall set the amount of the application fee
 28 required by subsection (c) and section 6(a) of this chapter in the rules
 29 adopted under section 14 of this chapter. The amount may not be more
 30 than is reasonably necessary to generate revenue sufficient to offset the
 31 costs incurred by the department in carrying out the department's
 32 responsibilities under this chapter.

33 (e) The department shall issue a certificate of registration to a claim
 34 review agent that satisfies the requirements of this section.

35 SECTION 32. IC 27-8-16-5.2 IS AMENDED TO READ AS
 36 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 5.2. (a) A person may
 37 not act as a claim review consultant concerning health care services
 38 delivered to an enrollee in Indiana unless the person holds a certificate

- 1 of registration issued by the department under this chapter.
- 2 (b) To obtain a certificate of registration under this chapter, a person
- 3 must submit to the department an application containing the following:
- 4 (1) The name, address, telephone number, and normal business
- 5 hours of the person.
- 6 (2) The name and telephone number of a person that the
- 7 department may contact concerning the information in the
- 8 application.
- 9 (3) Documentation necessary for the department to determine that
- 10 the person is capable of satisfying the minimum requirements set
- 11 forth in this chapter.
- 12 (c) An application submitted under this section must be:
- 13 (1) signed and verified by the applicant; and
- 14 (2) accompanied by an application fee in the amount established
- 15 under subsection (d).
- 16 **The commissioner shall deposit an application fee collected under**
- 17 **this subsection into the department of insurance fund established**
- 18 **by IC 27-1-3-28.**
- 19 (d) The department shall set the amount of the application fee
- 20 required by subsection (c) and section 6(a) of this chapter in the rules
- 21 adopted under section 14 of this chapter. The amount may not be more
- 22 than is reasonably necessary to generate revenue sufficient to offset the
- 23 costs incurred by the department in carrying out the department's
- 24 responsibilities under this chapter.
- 25 (e) The department shall issue a certificate of registration to a claim
- 26 review consultant that satisfies the requirements of this section.
- 27 SECTION 33. IC 27-8-16-6 IS AMENDED TO READ AS
- 28 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 6. (a) To remain in
- 29 effect, a certificate of registration issued under this chapter must be
- 30 renewed on June 30 of each year. To obtain the renewal of a certificate
- 31 of registration, a claim review agent or a claim review consultant must
- 32 submit an application to the commissioner. The application must be
- 33 accompanied by a registration fee in the amount set under section 5(d)
- 34 of this chapter. **The commissioner shall deposit a registration fee**
- 35 **collected under this subsection into the department of insurance**
- 36 **fund established by IC 27-1-3-28.**
- 37 (b) A certificate of registration issued under this chapter may not be
- 38 transferred unless the department determines that the person to which

1 the certificate of registration is to be transferred has satisfied the
2 requirements of this chapter.

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

8 SECTION 34. IC 27-8-17-9 IS AMENDED TO READ AS
9 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 9. (a) A utilization
10 review agent may not conduct utilization review in Indiana unless the
11 utilization review agent holds a certificate of registration issued by the
12 department under this chapter.

13 (b) To obtain a certificate of registration under this chapter, a
14 utilization review agent must submit to the department an application
15 containing the following:

16 (1) The name, address, telephone number, and normal business
17 hours of the utilization review agent.

18 (2) The name and telephone number of a person that the
19 department may contact concerning the information in the
20 application.

21 (3) Documentation necessary for the department to determine that
22 the utilization review agent is capable of satisfying the minimum
23 requirements set forth in section 11 of this chapter.

24 (c) An application submitted under this section must be:

25 (1) signed and verified by the applicant; and

26 (2) accompanied by an application fee in the amount established
27 under subsection (d).

28 **The commissioner shall deposit an application fee collected under**
29 **this subsection into the department of insurance fund established**
30 **by IC 27-1-3-28.**

31 (d) The department shall set the amount of the application fee
32 required by subsection (c) and section 10(a) of this chapter in the rules
33 adopted under section 20 of this chapter. The amount may not be more
34 than is reasonably necessary to generate revenue sufficient to offset the
35 costs incurred by the department in carrying out its responsibilities
36 under this chapter.

37 (e) The department shall issue a certificate of registration to a
38 utilization review agent that satisfies the requirements of this section.

1 SECTION 35. IC 27-8-17-10 IS AMENDED TO READ AS
 2 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 10. (a) To remain in
 3 effect, a certificate of registration issued under this chapter must be
 4 renewed on June 30 of each year. To obtain the renewal of a certificate
 5 of registration, a utilization review agent must submit an application to
 6 the commissioner. The application must be accompanied by a
 7 registration fee in the amount set under section 9(d) of this chapter.
 8 **The commissioner shall deposit a registration fee collected under**
 9 **this subsection into the department of insurance fund established**
 10 **by IC 27-1-3-28.**

11 (b) A certificate of registration issued under this chapter may not be
 12 transferred unless the department determines that the entity to whom
 13 the certificate is to be transferred has satisfied the requirements of this
 14 chapter.

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

19 SECTION 36. IC 27-8-24.1-1 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. (a) As used in this
 21 chapter, "accident and sickness insurance policy" ~~has the meaning set~~
 22 ~~forth in IC 27-8-5-27(a).~~ **means an insurance policy that provides at**
 23 **least one (1) of the types of insurance described in IC 27-1-5-1,**
 24 **Classes 1(b) and 2(a), and is issued on a group basis.**

25 **(b) The term does not include the following:**

26 **(1) Accident only, credit, dental, vision, Medicare supplement,**
 27 **long term care, or disability income insurance.**

28 **(2) Coverage issued as a supplement to liability insurance.**

29 **(3) Worker's compensation or similar insurance.**

30 **(4) Automobile medical payment insurance.**

31 **(5) A specified disease policy.**

32 **(6) A limited benefit health insurance policy.**

33 **(7) A short term insurance plan that:**

34 **(A) may not be renewed; and**

35 **(B) has a duration of not more than six (6) months.**

36 **(8) A policy that provides indemnity benefits not based on any**
 37 **expense incurred requirement, including a plan that provides**
 38 **coverage for:**

- 1 **(A) hospital confinement, critical illness, or intensive care;**
 2 **or**
 3 **(B) gaps for deductibles or copayments.**
 4 **(9) A supplemental plan that always pays in addition to other**
 5 **coverage.**
 6 **(10) A student health plan.**
 7 **(11) An employer sponsored health benefit plan that is:**
 8 **(A) provided to individuals who are eligible for Medicare;**
 9 **and**
 10 **(B) not marketed as, or held out to be, a Medicare**
 11 **supplement policy.**

12 SECTION 37. IC 27-13-27-1 IS AMENDED TO READ AS
 13 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 1. Each health
 14 maintenance organization subject to this article shall pay to the
 15 commissioner **for deposit into the department of insurance fund**
 16 **established by IC 27-1-3-28** the following fees:

- 17 (1) Three hundred fifty dollars (\$350) for filing:
 18 (A) an application for a certificate of authority; or
 19 (B) an application for an amendment to a certificate of
 20 authority.
 21 (2) Fifty dollars (\$50) for filing each annual report.

22 SECTION 38. IC 27-13-34-23 IS AMENDED TO READ AS
 23 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 23. (a) A limited
 24 service health maintenance organization subject to this chapter shall
 25 pay to the commissioner **for deposit into the department of**
 26 **insurance fund established by IC 27-1-3-28** the following fees:

- 27 (1) For filing an application for a certificate of authority or an
 28 amendment to an application, three hundred fifty dollars (\$350).
 29 (2) For filing each annual report, fifty dollars (\$50).
 30 (b) In addition to the fees required by subsection (a), a limited
 31 service health maintenance organization subject to this chapter must
 32 pay the fees required by IC 27-1-3-15.

33 SECTION 39. IC 36-8-10-12 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 12. (a) The department
 35 and a trustee may establish and operate an actuarially sound pension
 36 trust as a retirement plan for the exclusive benefit of the employee
 37 beneficiaries. However, a department and a trustee may not establish
 38 or modify a retirement plan after June 30, 1989, without the approval

1 of the county fiscal body which shall not reduce or diminish any
2 benefits of the employee beneficiaries set forth in any retirement plan
3 that was in effect on January 1, 1989.

4 (b) The normal retirement age may be earlier but not later than the
5 age of seventy (70). However, the sheriff may retire an employee who
6 is otherwise eligible for retirement if the board finds that the employee
7 is not physically or mentally capable of performing the employee's
8 duties.

9 (c) Joint contributions shall be made to the trust fund:

10 (1) either by:

11 (A) the department through a general appropriation provided
12 to the department;

13 (B) a line item appropriation directly to the trust fund; or

14 (C) both; and

15 (2) by an employee beneficiary through authorized monthly
16 deductions from the employee beneficiary's salary or wages.

17 However, the employer may pay all or a part of the contribution
18 for the employee beneficiary.

19 Contributions through an appropriation are not required for plans
20 established or modifications adopted after June 30, 1989, unless the
21 establishment or modification is approved by the county fiscal body.

22 (d) For a county not having a consolidated city, the monthly
23 deductions from an employee beneficiary's wages for the trust fund
24 may not exceed six percent (6%) of the employee beneficiary's average
25 monthly wages. For a county having a consolidated city, the monthly
26 deductions from an employee beneficiary's wages for the trust fund
27 may not exceed seven percent (7%) of the employee beneficiary's
28 average monthly wages.

29 (e) The minimum annual contribution by the department must be
30 sufficient, as determined by the pension engineers, to prevent
31 deterioration in the actuarial status of the trust fund during that year. If
32 the department fails to make minimum contributions for three (3)
33 successive years, the pension trust terminates and the trust fund shall
34 be liquidated.

35 (f) If during liquidation all expenses of the pension trust are paid,
36 adequate provision must be made for continuing pension payments to
37 retired persons. Each employee beneficiary is entitled to receive the net
38 amount paid into the trust fund from the employee beneficiary's wages,

1 and any remaining sum shall be equitably divided among employee
2 beneficiaries in proportion to the net amount paid from their wages into
3 the trust fund.

4 (g) If a person ceases to be an employee beneficiary because of
5 death, disability, unemployment, retirement, or other reason, the
6 person, the person's beneficiary, or the person's estate is entitled to
7 receive at least the net amount paid into the trust fund from the person's
8 wages, either in a lump sum or monthly installments not less than the
9 person's pension amount.

10 (h) If an employee beneficiary is retired for old age, the employee
11 beneficiary is entitled to receive a monthly income in the proper
12 amount of the employee beneficiary's pension during the employee
13 beneficiary's lifetime.

14 (i) To be entitled to the full amount of the employee beneficiary's
15 pension classification, an employee beneficiary must have contributed
16 at least twenty (20) years of service to the department before
17 retirement. Otherwise, the employee beneficiary is entitled to receive
18 a pension proportional to the length of the employee beneficiary's
19 service.

20 (j) This subsection does not apply to a county that adopts an
21 ordinance under section 12.1 of this chapter. For an employee
22 beneficiary who retires before January 1, 1985, a monthly pension may
23 not exceed by more than twenty dollars (\$20) one-half (1/2) the amount
24 of the average monthly wage received during the highest paid five (5)
25 years before retirement. However, in counties where the fiscal body
26 approves the increases, the maximum monthly pension for an employee
27 beneficiary who retires after December 31, 1984, may be increased by
28 no more or no less than two percent (2%) of that average monthly wage
29 for each year of service over twenty (20) years to a maximum of
30 seventy-four percent (74%) of that average monthly wage plus twenty
31 dollars (\$20). For the purposes of determining the amount of an
32 increase in the maximum monthly pension approved by the fiscal body
33 for an employee beneficiary who retires after December 31, 1984, the
34 fiscal body may determine that the employee beneficiary's years of
35 service include the years of service with the sheriff's department that
36 occurred before the effective date of the pension trust. For an employee
37 beneficiary who retires after June 30, 1996, the average monthly wage
38 used to determine the employee beneficiary's pension benefits may not

1 exceed the monthly minimum salary that a full-time prosecuting
 2 attorney was entitled to be paid by the state at the time the employee
 3 beneficiary retires.

4 (k) The trust fund may not be commingled with other funds, except
 5 as provided in this chapter, and may be invested only in accordance
 6 with statutes for investment of trust funds, including other investments
 7 that are specifically designated in the trust agreement.

8 (l) The trustee receives and holds as trustee all money paid to it as
 9 trustee by the department, the employee beneficiaries, or by other
 10 persons for the uses stated in the trust agreement.

11 (m) The trustee shall engage pension engineers to supervise and
 12 assist in the technical operation of the pension trust in order that there
 13 is no deterioration in the actuarial status of the plan.

14 (n) Within ninety (90) days after the close of each fiscal year, the
 15 trustee, with the aid of the pension engineers, shall prepare and file an
 16 annual report with the department. ~~and the state insurance department.~~
 17 The report must include the following:

18 (1) Schedule 1. Receipts and disbursements.

19 (2) Schedule 2. Assets of the pension trust listing investments by
 20 book value and current market value as of the end of the fiscal
 21 year.

22 (3) Schedule 3. List of terminations, showing the cause and
 23 amount of refund.

24 (4) Schedule 4. The application of actuarially computed "reserve
 25 factors" to the payroll data properly classified for the purpose of
 26 computing the reserve liability of the trust fund as of the end of
 27 the fiscal year.

28 (5) Schedule 5. The application of actuarially computed "current
 29 liability factors" to the payroll data properly classified for the
 30 purpose of computing the liability of the trust fund as of the end
 31 of the fiscal year.

32 (o) No part of the corpus or income of the trust fund may be used or
 33 diverted to any purpose other than the exclusive benefit of the members
 34 and the beneficiaries of the members.

35 SECTION 41. IC 16-39-9-3 IS REPEALED [EFFECTIVE JULY 1,
 36 2007].

37 SECTION 41. [EFFECTIVE JULY 1, 2007] (a) **As used in this**
 38 **SECTION, "commissioner" refers to the insurance commissioner**

1 appointed under IC 27-1-1-2.

2 (b) As used in this SECTION, "committee" refers to the interim
3 study committee to define "health insurance" established by
4 subsection (c).

5 (c) There is established the interim study committee to define
6 "health insurance". The committee shall only study and make
7 recommendations to the general assembly concerning the manner
8 in which accident and sickness insurance policies, self-insured
9 plans, and health maintenance organization contracts that provide
10 coverage for health care services are defined in the Indiana Code.

11 (d) The committee consists of the following members:

12 (1) Four (4) members of the house of representatives, to be
13 appointed by the speaker of the house of representatives, not
14 more than two (2) of whom may represent the same political
15 party.

16 (2) Four (4) members of the senate, to be appointed by the
17 president pro tempore of the senate, not more than two (2) of
18 whom may represent the same political party.

19 (e) The committee shall operate under the policies governing
20 study committees adopted by the legislative council.

21 (f) The affirmative votes of a majority of the members
22 appointed to the committee are required for the committee to take
23 action on any measure, including final reports.

24 (g) The committee shall submit a final report to the legislative
25 council not later than October 31, 2007.

26 (h) This SECTION expires December 31, 2007."

27 Renumber all SECTIONS consecutively.

(Reference is to HB 1452 as reprinted February 24, 2007.)

and when so amended that said bill do pass.

Committee Vote: Yeas 10, Nays 0.

Paul

Chairperson