



February 17, 2000

**ENGROSSED  
SENATE BILL No. 418**

DIGEST OF SB 418 (Updated February 15, 2000 12:03 PM - DI 97)

**Citations Affected:** IC 27-1; noncode.

**Synopsis:** Intangible assets of an insurance subsidiary. Authorizes the insurance commissioner to increase to an amount not to exceed 20% of an insurer's capital and surplus the current statutory limit on the total value of goodwill, trade names, and other intangible assets that can be recognized as admitted assets if: (1) the insurer's assets include goodwill, trade names, and other intangible assets that are attributable to the insurer's acquisition of another insurer or a health maintenance organization after December 31, 1998; and (2) as of the date of the initial request for an increase, the total adjusted capital of the insurer is at least 400% of the authorized control level risk based capital of the insurer as most recently reported. (The current statutory limit provides that the total value of goodwill, trade names, and other intangible assets of an insurer that can be recognized as admitted assets of the insurer cannot exceed 10% of the insurer's capital and surplus.)

**Effective:** January 1, 2000 (retroactive).

**Clark**

(HOUSE SPONSORS — BARDON, RIPLEY)

January 10, 2000, read first time and referred to Committee on Insurance and Financial Institutions.

January 24, 2000, reported favorably — Do Pass.

January 31, 2000, read second time, amended, ordered engrossed.

February 1, 2000, engrossed.

February 7, 2000, read third time, passed. Yeas 49, nays 1.

**HOUSE ACTION**

February 10, 2000, read first time and referred to Committee on Insurance, Corporations and Small Business.

February 16, 2000, reported — Do Pass.

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February 17, 2000

Second Regular Session 111th General Assembly (2000)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1999 General Assembly.

## ENGROSSED SENATE BILL No. 418

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 27-1-13-3.5 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]:  
3 Sec. 3.5. (a) **Except as provided by subsection (b)**, goodwill, trade  
4 names, and other like intangible assets attributable to any investment  
5 in a subsidiary shall be admitted as assets except:  
6 (1) to the extent that the aggregate amount thereof exceeds ten  
7 percent (10%) of the capital and surplus of the insurer as reported  
8 in its latest annual report filed with the commissioner;  
9 (2) to the extent that any such asset is not being amortized ratably  
10 over a period of ten (10) years or less from the date of acquisition;  
11 and  
12 (3) in determining the financial condition or solvency of an  
13 insurer under IC 27-9.  
14 (b) **The commissioner may increase the ten percent (10%)**  
15 **limitation in subsection (a)(1) to an amount not to exceed twenty**  
16 **percent (20%) of the capital and surplus of the insurer as reported**  
17 **in its latest annual statement filed with the commissioner if:**

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1           **(1) the assets of the insurer include good will, trade names,**  
 2           **and other like intangible assets that are attributable to the**  
 3           **acquisition after December 31, 1998, of an insurance company**  
 4           **or health maintenance organization authorized to do business**  
 5           **under the laws of any state; and**  
 6           **(2) as of the date of the initial request for an increase in the**  
 7           **ten percent (10%) limitation in subsection (a)(1) the total**  
 8           **adjusted capital of the insurer is at least four hundred percent**  
 9           **(400%) of the authorized control level risk based capital of**  
 10           **the insurer as reported in the latest annual report filed with**  
 11           **the commissioner.**  
 12           **(c) The commissioner may retain experts to assist with a request**  
 13           **made under subsection (b). The insurer shall pay all costs for the**  
 14           **experts.**  
 15           **SECTION 2. [EFFECTIVE JANUARY 1, 2000 (RETROACTIVE)]**  
 16           **IC 27-1-13-3.5, as amended by this act, applies to financial**  
 17           **statements filed by an insurer after December 31, 1999.**  
 18           **SECTION 3. An emergency is declared for this act.**

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SENATE MOTION

Mr. President: I move that Senator Lewis be removed as author of Senate Bill 418 and that Senator Clark be substituted therefor and that Senator Lewis be added as coauthor.

LEWIS

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SENATE MOTION

Mr. President: I move that Senator Lewis be removed as coauthor of Senate Bill 418.

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COMMITTEE REPORT

Mr. President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 418, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 418 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 9, Nays 0.

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## SENATE MOTION

Mr. President: I move that Senate Bill 418 be amended to read as follows:

Page 1, delete lines 14 through 17, begin a new paragraph and insert:

**"(b) The commissioner may increase the ten percent (10%) limitation in subsection (a)(1) to an amount not to exceed twenty percent (20%) of the capital and surplus of the insurer as reported in its latest annual statement filed with the commissioner if:**

**(1) the assets of the insurer include good will, trade names, and other like intangible assets that are attributable to the acquisition after December 31, 1998, of an insurance company or health maintenance organization authorized to do business under the laws of any state; and**

**(2) as of the date of the initial request for an increase in the ten percent (10%) limitation in subsection (a)(1) the total adjusted capital of the insurer is at least four hundred percent (400%) of the authorized control level risk based capital of the insurer as reported in the latest annual report filed with the commissioner.**

**(c) The commissioner may retain experts to assist with a request made under subsection (b). The insurer shall pay all costs for the experts."**

Page 2, delete lines 1 through 2.

(Reference is to SB 418 as printed January 25, 2000.)

CLARK

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Insurance, Corporations and Small Business, to which was referred Senate Bill 418, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

FRY, Chair

Committee Vote: yeas 11, nays 0.

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