

**CONFERENCE COMMITTEE REPORT  
DIGEST FOR EHB 1015**

**Citations Affected:** IC 27-1; IC 27-8-12-18.

**Synopsis:** Insurance matters. Proposed conference committee report to EHB 1015. Amends the law concerning financial requirements that apply to limited purpose subsidiary life insurance companies, including: the definition of "parent"; filings with and reports to the commissioner of insurance; and valuation of admitted assets. Specifies qualifications and educational requirements for solicitation, negotiation, and sale of annuities. Makes changes to limitations on long term care insurance commission amounts. **(THIS CONFERENCE COMMITTEE REPORT: Amends the law concerning financial requirements that apply to limited purpose subsidiary life insurance companies, including: the definition of "parent"; filings with and reports to the commissioner of insurance; and valuation of admitted assets. Specifies qualifications and educational requirements for solicitation, negotiation, and sale of annuities.)**

**Effective:** Upon passage; July 1, 2011.

# CONFERENCE COMMITTEE REPORT

**MADAM PRESIDENT:**

*Your Conference Committee appointed to confer with a like committee from the House upon Engrossed Senate Amendments to Engrossed House Bill No. 1015 respectfully reports that said two committees have conferred and agreed as follows to wit:*

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

- 1 Delete everything after the enacting clause and insert the following:  
2 SECTION 1. IC 27-1-12.1-4, AS ADDED BY HEA 1486-2011,  
3 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
4 UPON PASSAGE]: Sec. 4. As used in this chapter, "parent" means a  
5 person that through at least one (1) intermediary wholly owns ~~an~~  
6 ~~organizing domestic life insurance company.~~ **a limited purpose**  
7 **subsidiary.**  
8 SECTION 2. IC 27-1-12.1-7, AS ADDED BY HEA 1486-2011,  
9 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
10 UPON PASSAGE]: Sec. 7. Before assuming risk under a reinsurance  
11 contract, a limited purpose subsidiary must do all of the following:  
12 (1) Comply with IC 27-1-6.  
13 (2) File with the commissioner an affidavit, signed by the limited  
14 purpose subsidiary's president, vice president, treasurer, or chief  
15 financial officer, including all of the following to the best of the  
16 individual's knowledge after reasonable inquiry:  
17 (A) That the proposed organization and operation of the  
18 limited purpose subsidiary complies with this chapter.  
19 (B) That the limited purpose subsidiary's investment policy  
20 reflects and considers the liquidity of assets and the reasonable  
21 preservation, administration, and management of the assets

- 1 with respect to the risks associated with reinsurance contracts  
 2 issued by the limited purpose subsidiary.
- 3 (C) That the reinsurance contract and any arrangement  
 4 intended to secure the limited purpose subsidiary's obligations  
 5 under the reinsurance contract (including an agreement to  
 6 implement the arrangement) comply with this chapter.
- 7 (3) File with the commissioner the opinion of a qualified  
 8 ~~independent~~ actuary ~~approved by the commissioner~~ that the  
 9 methodology and assumptions (including significant stress tests  
 10 of key assumptions) used to establish ~~and discount~~ reserves held  
 11 by the limited purpose subsidiary are sufficient to provide for the  
 12 risk assumed by the limited purpose subsidiary.
- 13 (4) File with the commissioner the limited purpose subsidiary's  
 14 plan of operation, including the following:
- 15 (A) A statement that the limited purpose subsidiary will,  
 16 before ~~each an~~ offer and sale of securities of or by the limited  
 17 purpose subsidiary, file with the commissioner, in a form  
 18 acceptable to the commissioner, a legal opinion that the  
 19 offering and sale of securities:
- 20 (i) of the limited purpose subsidiary complies with all  
 21 federal securities laws; and
- 22 (ii) by the limited purpose subsidiary complies with all  
 23 Indiana securities laws.
- 24 **For purposes of this clause, the issuance of stock by the**  
 25 **limited purpose subsidiary to the organizing domestic life**  
 26 **insurance company is not the offer and sale of securities**  
 27 **requiring a legal opinion.**
- 28 (B) A complete description of **the material terms of all**  
 29 **proposed** reinsurance transactions, reinsurance security  
 30 arrangements, securitizations, and any other material  
 31 transactions or arrangements of the limited purpose subsidiary.
- 32 (C) **A description of** the source and form of the limited  
 33 purpose subsidiary's capital and surplus.
- 34 (D) The investment policy of the limited purpose subsidiary.
- 35 (E) Pro forma balance sheets and income statements that  
 36 illustrate at least one (1) adverse case scenario, as determined  
 37 using criteria required by the commissioner, for the  
 38 performance of the limited purpose subsidiary under all  
 39 reinsurance contracts.
- 40 ~~(F) Risk-based capital requirements, including a requirement~~  
 41 ~~that the limited purpose subsidiary must maintain risk-based~~  
 42 ~~capital equal to the product of two and one half (2 1/2) and the~~  
 43 ~~number determined under the life risk-based capital formula~~  
 44 ~~in accordance with the National Association of Insurance~~  
 45 ~~Commissioners' risk-based capital instructions.~~
- 46 ~~(G) Notice and reporting of material transactions.~~
- 47 ~~(H)~~ **(F)** Policies for payment of dividends and other  
 48 distributions to the organizing domestic life insurance  
 49 company.
- 50 ~~(I)~~ **(G)** Copies of all contracts between the limited purpose  
 51 subsidiary and affiliates.

- 1           ~~(H)~~ **(H)** Other documentation or information required by the  
 2           commissioner.
- 3           (5) Obtain from the commissioner a certificate of authority to  
 4           engage in the business of reinsurance in Indiana.
- 5           SECTION 3. IC 27-1-12.1-9, AS ADDED BY HEA 1486-2011,  
 6           SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 7           UPON PASSAGE]: Sec. 9. A limited purpose subsidiary that is granted  
 8           a certificate of authority by the commissioner under this chapter:
- 9           ~~(1)~~ is wholly owned by the organizing domestic life insurance  
 10          company;
- 11          ~~(2)~~ **(1)** is authorized to engage in the business of reinsurance for  
 12          purposes of IC 27-6-10 only for the lines of insurance for which  
 13          the:
- 14                (A) organizing domestic life insurance company; and  
 15                (B) affiliates of the organizing domestic life insurance  
 16                company;  
 17          are authorized;
- 18          ~~(3)~~ **(2)** may reinsure only risks of:
- 19                (A) the organizing domestic life insurance company; and  
 20                (B) affiliates of the organizing domestic life insurance  
 21                company; and
- 22          ~~(4)~~ **(3)** may access alternative forms of financing.
- 23          SECTION 4. IC 27-1-12.1-13, AS ADDED BY HEA 1486-2011,  
 24          SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 25          UPON PASSAGE]: Sec. 13. **(a) If approved by the commissioner,  
 26          the following are considered to be and must be reported as  
 27          admitted assets of a limited purpose subsidiary: that are approved by  
 28          the commissioner as admitted assets must:**
- 29                ~~(1)~~ comply with requirements established by the commissioner  
 30                under section ~~14~~ of this chapter; and
- 31                ~~(2)~~ be reported as admitted assets of the limited purpose  
 32                subsidiary.
- 33                **(1) Proceeds from a securitization, premiums, and other  
 34                amounts payable by an affiliate to the limited purpose  
 35                subsidiary.**
- 36                **(2) Letters of credit.**
- 37                **(3) Guarantees of the parent.**
- 38                **(4) Other assets.**
- 39          **(b) If the commissioner determines that the value of admitted  
 40          assets that:**
- 41                **(1) were previously approved by the commissioner under  
 42                subsection (a); and**
- 43                **(2) are not assets that are addressed by the Accounting  
 44                Practices and Procedures Manual of the National Association  
 45                of Insurance Commissioners;**
- 46          **has decreased, the commissioner may require the limited purpose  
 47          subsidiary to provide additional security or collateral.**
- 48          **(c) The commissioner shall, at least thirty (30) days before  
 49          taking action under subsection (b):**
- 50                **(1) notify the limited purpose subsidiary of the action; and**  
 51                **(2) provide to the limited purpose subsidiary an opportunity**

**to remedy the issues identified by the commissioner.**

SECTION 5. IC 27-1-12.1-14, AS ADDED BY HEA 1486-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 14. (a) A limited purpose subsidiary shall do the following:

(1) Provide to the commissioner, not later than forty-five (45) days after the closing date of the transactions of an insurance securitization, a copy of a complete set of executed documentation of the insurance securitization.

(2) Notify the commissioner, not later than two (2) business days after any material change in the financial condition or management of the limited purpose subsidiary, written notice of the material change.

(3) Annually file with the commissioner the actuarial opinion of the limited purpose subsidiary's internal actuary concerning reserves held by the limited purpose subsidiary for all risks assumed by the limited purpose subsidiary under the limited purpose subsidiary's reinsurance contracts.

(4) Biennially file with the commissioner the actuarial opinion ~~(A)~~ of a qualified independent actuary approved by the commissioner; and ~~(B)~~ concerning the methodology and assumptions used by the limited purpose subsidiary in establishing the reserves held by the limited purpose subsidiary.

~~(5)~~ Annually file with the commissioner a report of the limited purpose subsidiary's risk-based capital level as of the end of the immediately preceding calendar year, including the information required by the risk-based capital instructions of the National Association of Insurance Commissioners.

~~(6)~~ (5) Immediately notify the commissioner concerning any action by a ceding insurer or other person to foreclose on or otherwise take possession of collateral provided by the limited purpose subsidiary to secure an obligation of the limited purpose subsidiary.

**(6) Comply with IC 27-1-23 and IC 27-1-36.**

~~(b)~~ A limited purpose subsidiary may, after approval of the commissioner, discount the reserves held by the limited purpose subsidiary in accordance with an actuarial opinion filed under subsection (a)(3):

~~(c)~~ (b) Unless otherwise required by the commissioner, a limited purpose subsidiary is not required to file a report, notice, or other document with the National Association of Insurance Commissioners.

SECTION 6. IC 27-1-12.1-15, AS ADDED BY HEA 1486-2011, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 15. (a) The commissioner ~~shall, before approving a limited purpose subsidiary under this chapter, may~~ adopt rules under IC 4-22-2 to implement this chapter.

(b) The rules adopted under subsection (a) ~~must may~~ specify the following concerning limited purpose subsidiaries:

(1) Requirements for reserves, including actuarial certification.

(2) Requirements for securities.

- 1 (3) Authorized investments.  
 2 (4) Requirements with respect to reinsurance ceded or assumed  
 3 by the limited purpose subsidiary.  
 4 (5) Requirements for dividends and distributions.  
 5 (6) Requirements for operations.  
 6 (7) Conditions of, forms for, and approval of the financing of a  
 7 limited purpose subsidiary.

8 (c) The commissioner may adopt emergency rules under  
 9 IC 4-22-2-37.1 to implement this section if the commissioner  
 10 determines that:

- 11 (1) the need for a rule is so immediate and substantial that  
 12 rulemaking procedures under IC 4-22-2-23 through IC 4-22-2-36  
 13 are inadequate to address the need; and  
 14 (2) an emergency rule is likely to address the need.

15 SECTION 7. IC 27-1-15.6-7, AS AMENDED BY HEA 1486-2011,  
 16 SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JULY 1, 2011]: Sec. 7. (a) Unless denied licensure under section 12 of  
 18 this chapter, a person who has met the requirements of sections 5 and  
 19 6 of this chapter shall be issued an insurance producer license. An  
 20 insurance producer may receive qualification for a license in one (1) or  
 21 more of the following lines of authority:

- 22 (1) Life — insurance coverage on human lives, including benefits  
 23 of endowment and annuities, that may include benefits in the  
 24 event of death or dismemberment by accident and benefits for  
 25 disability income.  
 26 (2) Accident and health or sickness — insurance coverage for  
 27 sickness, bodily injury, or accidental death that may include  
 28 benefits for disability income.  
 29 (3) Property — insurance coverage for the direct or consequential  
 30 loss of or damage to property of every kind.  
 31 (4) Casualty — insurance coverage against legal liability,  
 32 including liability for death, injury, or disability, or for damage to  
 33 real or personal property.  
 34 (5) Variable life and variable annuity products — insurance  
 35 coverage provided under variable life insurance contracts and  
 36 variable annuities.  
 37 (6) Personal lines — property and casualty insurance coverage  
 38 sold to individuals and families for primarily noncommercial  
 39 purposes.  
 40 (7) Credit — limited line credit insurance.  
 41 (8) Title — insurance coverage against loss or damage on account  
 42 of encumbrances on or defects in the title to real estate.  
 43 (9) Any other line of insurance permitted under Indiana laws or  
 44 administrative rules.

45 (b) A person who requests qualification under subsection (a)(5) for  
 46 variable life and annuity products **must:**

- 47 (1) ~~is considered to have requested; and be licensed as an~~  
 48 **insurance producer with a life qualification under subsection**  
 49 **(a)(1);**  
 50 (2) ~~shall receive; be registered with FINRA; and~~  
 51 **(3) meet the broker-dealer registration requirements of:**

1                   **(A) FINRA for a Series 6 limited representative license; or**  
 2                   **(B) FINRA for a Series 7 general securities registered**  
 3                   **representative license.**

4 a life qualification under subsection (a)(1) until the person completes  
 5 the educational requirement specified in section 19.5 of this chapter  
 6 and changes the person's life qualification status to a variable life and  
 7 variable annuity products qualification status under section 19.5 of this  
 8 chapter.

9           (c) A resident insurance producer may not request separate  
 10 qualifications for property insurance and casualty insurance under  
 11 subsection (a).

12           (d) An insurance producer license remains in effect unless revoked  
 13 or suspended, as long as the renewal fee set forth in section 32 of this  
 14 chapter is paid and the educational requirements for resident individual  
 15 producers are met by the due date.

16           (e) An individual insurance producer who:

17               (1) allows the individual insurance producer's license to lapse;  
 18               and

19               (2) completed all required continuing education before the license  
 20 expired;

21 may, not more than twelve (12) months after the expiration date of the  
 22 license, reinstate the same license without the necessity of passing a  
 23 written examination. A penalty in the amount of three (3) times the  
 24 unpaid renewal fee shall be required for any renewal fee received after  
 25 the expiration date of the license. However, the department of  
 26 insurance may waive the penalty if the renewal fee is received not more  
 27 than thirty (30) days after the expiration date of the license.

28           (f) A licensed insurance producer who is unable to comply with  
 29 license renewal procedures due to military service or some other  
 30 extenuating circumstance may request a waiver of the license renewal  
 31 procedures. The producer may also request a waiver of any  
 32 examination requirement or any other fine or sanction imposed for  
 33 failure to comply with the license renewal procedures.

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

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

43           (i) To assist in the performance of the commissioner's duties, the  
 44 commissioner may contract with nongovernmental entities, including  
 45 the National Association of Insurance Commissioners (NAIC), or any  
 46 affiliates or subsidiaries that the NAIC oversees, to perform ministerial  
 47 functions, including the collection of fees related to producer licensing,  
 48 that the commissioner and the nongovernmental entity consider  
 49 appropriate.

50           (j) The commissioner may participate, in whole or in part, with the  
 51 NAIC or any affiliate or subsidiary of the NAIC in a centralized

1 insurance producer license registry through which insurance producer  
 2 licenses are centrally or simultaneously effected for states that require  
 3 an insurance producer license and participate in the centralized  
 4 insurance producer license registry. If the commissioner determines  
 5 that participation in the centralized insurance producer license registry  
 6 is in the public interest, the commissioner may adopt rules under  
 7 IC 4-22-2 specifying uniform standards and procedures that are  
 8 necessary for participation in the registry, including standards and  
 9 procedures for centralized license fee collection.

10 SECTION 8. IC 27-1-15.6-19.5, AS ADDED BY HEA 1486-2011,  
 11 SECTION 12, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 12 JULY 1, 2011]: Sec. 19.5. (a) As used in this section, "~~variable life and~~  
 13 "~~annuity~~" means ~~insurance an annuity~~ that is: ~~used to fund insurance~~  
 14 ~~coverage provided under variable life insurance contracts and variable~~  
 15 ~~annuities.~~

- 16 (1) **an insurance product under Indiana law; and**  
 17 (2) **solicited individually, regardless of whether the insurance**  
 18 **product is classified as an individual annuity or a group**  
 19 **annuity.**

20 (b) A person ~~shall~~ **may** not sell, solicit, or negotiate ~~variable life and~~  
 21 ~~an annuity insurance~~ unless the person meets the following  
 22 requirements:

- 23 (1) The person is licensed as: ~~either of the following:~~  
 24 (A) an insurance producer with a life qualification under  
 25 section 7(a)(1) of this chapter; **or**  
 26 (B) **in the case of a variable annuity**, an insurance producer  
 27 with ~~an accident and health or sickness a variable annuity~~  
 28 qualification under section ~~7(a)(2)~~ **7(a)(5)** of this chapter.  
 29 (2) The person has adequate knowledge of an annuity product to  
 30 recommend the annuity product.  
 31 (3) The person complies with the insurer's training standards for  
 32 ~~variable life and annuity products.~~  
 33 (4) The person  
 34 (A) ~~is registered with the FINRA; and~~  
 35 (B) ~~meets the broker-dealer registration requirements of:~~  
 36 (i) ~~FINRA for a Series 6 limited representative license and~~  
 37 ~~IC 23-19-4 for a Series 63 securities license; or~~  
 38 (ii) ~~FINRA for a Series 7 general securities registered~~  
 39 ~~representative license and IC 23-19-4 for a Series 63~~  
 40 ~~securities license.~~

41 (c) A person may be licensed as an insurance producer with a  
 42 variable life and variable annuity products qualification if the person  
 43 is:

- 44 (1) licensed under section 7 of this chapter; and  
 45 (2) granted a change in status under subsection (d):

46 (d) If, after a person is licensed under this chapter as an insurance  
 47 producer with a life qualification, the person wants to solicit the sale of  
 48 an annuity product, the person shall:

- 49 (1) request that the commissioner change the person's status as an  
 50 insurance producer with a life qualification to status as an  
 51 insurance producer with a variable life and variable annuity

1 products qualification under section 7(a)(5) of this chapter; and  
 2 ~~(2) show proof of having has~~ completed a single four (4) hour  
 3 annuity training course that is conducted through a structured  
 4 setting or self-study method and approved by the department in  
 5 accordance with the requirements for approval that apply to  
 6 continuing education courses under IC 27-1-15.7.

7 SECTION 9. IC 27-1-15.7-5, AS AMENDED BY HEA 1486-2011,  
 8 SECTION 14, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 9 JULY 1, 2011]: Sec. 5. (a) To qualify as a certified prelicensing course  
 10 of study for purposes of IC 27-1-15.6-6, an insurance producer program  
 11 of study must meet all of the following criteria:

12 (1) Be conducted or developed by an:

13 (A) insurance trade association;

14 (B) accredited college or university;

15 (C) educational organization certified by the insurance  
 16 producer education and continuing education advisory council;  
 17 or

18 (D) insurance company licensed to do business in Indiana.

19 (2) Provide for self-study or instruction provided by an approved  
 20 instructor in a structured setting, as follows:

21 (A) For life insurance producers, not less than twenty (20)  
 22 hours of instruction in a structured setting or comparable  
 23 self-study on:

24 (i) ethical practices in the marketing and selling of  
 25 insurance;

26 (ii) requirements of the insurance laws and administrative  
 27 rules of Indiana; and

28 (iii) principles of life insurance.

29 (B) For health insurance producers, not less than twenty (20)  
 30 hours of instruction in a structured setting or comparable  
 31 self-study on:

32 (i) ethical practices in the marketing and selling of  
 33 insurance;

34 (ii) requirements of the insurance laws and administrative  
 35 rules of Indiana; and

36 (iii) principles of health insurance.

37 (C) For life and health insurance producers, not less than forty  
 38 (40) hours of instruction in a structured setting or comparable  
 39 self-study on:

40 (i) ethical practices in the marketing and selling of  
 41 insurance;

42 (ii) requirements of the insurance laws and administrative  
 43 rules of Indiana;

44 (iii) principles of life insurance; and

45 (iv) principles of health insurance.

46 (D) For property and casualty insurance producers, not less  
 47 than forty (40) hours of instruction in a structured setting or  
 48 comparable self-study on:

49 (i) ethical practices in the marketing and selling of  
 50 insurance;

51 (ii) requirements of the insurance laws and administrative

- 1 rules of Indiana;
- 2 (iii) principles of property insurance; and
- 3 (iv) principles of liability insurance.
- 4 (E) For personal lines producers, a minimum of twenty (20)
- 5 hours of instruction in a structured setting or comparable
- 6 self-study on:
- 7 (i) ethical practices in the marketing and selling of
- 8 insurance;
- 9 (ii) requirements of the insurance laws and administrative
- 10 rules of Indiana; and
- 11 (iii) principles of property and liability insurance applicable
- 12 to coverages sold to individuals and families for primarily
- 13 noncommercial purposes.
- 14 (F) For title insurance producers, not less than ten (10) hours
- 15 of instruction in a structured setting or comparable self-study
- 16 on:
- 17 (i) ethical practices in the marketing and selling of title
- 18 insurance;
- 19 (ii) requirements of the insurance laws and administrative
- 20 rules of Indiana;
- 21 (iii) principles of title insurance, including underwriting and
- 22 escrow issues; and
- 23 (iv) principles of the federal Real Estate Settlement
- 24 Procedures Act (12 U.S.C. 2608).
- 25 (G) For ~~variable life and variable~~ annuity product producers,
- 26 not less than four (4) hours of instruction in a structured
- 27 setting or comparable self-study on:
- 28 (i) types and classifications of annuities;
- 29 (ii) identification of the parties to an annuity;
- 30 (iii) the manner in which fixed, variable, and indexed
- 31 annuity contract provisions affect consumers;
- 32 (iv) income taxation of qualified and non-qualified
- 33 annuities;
- 34 (v) primary uses of annuities; and
- 35 (vi) appropriate sales practices, replacement, and disclosure
- 36 requirements.
- 37 (3) Instruction provided in a structured setting must be provided
- 38 only by individuals who meet the qualifications established by the
- 39 commissioner under subsection (b).
- 40 (b) The commissioner, after consulting with the insurance producer
- 41 education and continuing education advisory council, shall adopt rules
- 42 under IC 4-22-2 prescribing the criteria that a person must meet to
- 43 render instruction in a certified prelicensing course of study.
- 44 (c) The commissioner shall adopt rules under IC 4-22-2 prescribing
- 45 the subject matter that an insurance producer program of study must
- 46 cover to qualify for certification as a certified prelicensing course of
- 47 study under this section.
- 48 (d) The commissioner may make recommendations that the
- 49 commissioner considers necessary for improvements in course
- 50 materials.
- 51 (e) The commissioner shall designate a program of study that meets

1 the requirements of this section as a certified prelicensing course of  
2 study for purposes of IC 27-1-15.6-6.

3 (f) The commissioner may, after notice and opportunity for a  
4 hearing, withdraw the certification of a course of study that does not  
5 maintain reasonable standards, as determined by the commissioner for  
6 the protection of the public.

7 (g) Current course materials for a prelicensing course of study that  
8 is certified under this section must be submitted to the commissioner  
9 upon request, but not less frequently than once every three (3) years.

10 SECTION 10. IC 27-8-12-18, AS AMENDED BY P.L.173-2007,  
11 SECTION 29, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
12 JULY 1, 2011]: Sec. 18. (a) An insurer or other entity that provides a  
13 commission to an insurance producer or other representative for the  
14 sale of a long term care insurance policy may not violate the following  
15 conditions:

16 (1) ~~The amount of the first year insurer or other entity shall, for~~  
17 ~~at least six (6) years, pay to the insurance producer or other~~  
18 ~~representative an annual commission for selling or servicing the~~  
19 ~~policy. may not exceed two hundred percent (200%) of the~~  
20 ~~amount of the commission paid in the second year.~~

21 (2) ~~The amount of commission provided in years after the second~~  
22 ~~first year must be equal to the amount provided in the second~~  
23 ~~determined based on the premium charged for the long term~~  
24 ~~care insurance policy during the first year.~~

25 (3) ~~A commission must be provided each year for at least five (5)~~  
26 ~~years after the first year.~~

27 (b) If an existing long term care policy or certificate is replaced, the  
28 insurer or other entity that issues the replacement policy may not  
29 provide, and its insurance producer may not accept, a commission in  
30 an amount greater than the renewal commission payable by the  
31 replacing insurer on renewal policies, unless the benefits of the  
32 replacement policy or certificate are clearly and substantially greater  
33 than the benefits under the replaced policy or certificate.

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

35 (1) Life insurance policies and certificates.

36 (2) A policy or certificate that is sponsored by an employer for the  
37 benefit of:

38 (A) the employer's employees; or

39 (B) the employer's employees and their dependents.

40 SECTION 11. [EFFECTIVE JULY 1, 2011] **(a) IC 27-1-15.7-5, as**  
41 **amended by this act, applies to insurance producer prelicensing**  
42 **self-study or instruction provided after December 31, 2011.**

43 **(b) This SECTION expires December 31, 2013.**

44 SECTION 12. **An emergency is declared for this act.**

(Reference is to EHB 1015 as reprinted April 5, 2011.)

**Conference Committee Report**  
**on**  
**Engrossed House Bill 1015**

**S**igned by:

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Representative Torr  
Chairperson

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Senator Paul

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Representative Brown C

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Senator Simpson

**House Conferees**

**Senate Conferees**