

Adopted	Rejected
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## COMMITTEE REPORT

YES:	7
NO:	0

### MR. SPEAKER:

*Your Committee on Insurance, to which was referred House Bill 1226, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill **be amended** as follows:*

- 1           Page 31, between lines 19 and 20, begin a new paragraph and insert:
- 2           "**(f) For each person that provides one (1) or more certified**
- 3           **prelicensing courses of study, the commissioner shall annually**
- 4           **determine, of all individuals who received classroom instruction in**
- 5           **the certified prelicensing courses of study provided by the person,**
- 6           **the percentage who passed the examination required by**
- 7           **IC 27-1-15.6-5. The commissioner shall determine only one (1)**
- 8           **passing percentage under this subsection for all lines of insurance**
- 9           **described in IC 27-1-15.6-7(a) for which the person provides**
- 10          **classroom instruction in certified prelicensing courses of study."**
- 11          Page 31, line 20, strike "(f)" and insert "(g)".
- 12          Page 31, line 27, after "if" insert "**the passing percentage**
- 13          **calculated under subsection (f) is"**.
- 14          Page 31, line 28, delete "of the individuals who take the" and insert
- 15          ".".
- 16          Page 31, delete lines 29 through 30.

- 1 Page 31, line 31, strike "(g)" and insert "(h)".
- 2 Page 34, delete lines 8 through 23.
- 3 Page 34, line 27, delete "from" and insert **"that:**
- 4 **(1) is made by"**.
- 5 Page 34, line 28, after "department" insert "; **and**
- 6 **(2) meets the requirements of subsection (b);"**.
- 7 Page 34, line 28, beginning with "not" begin a new line blocked left.
- 8 Page 34, line 30, after "(b)" insert **"A written inquiry or request**
- 9 **described in subsection (a) must do all of the following:**
- 10 **(1) Be addressed to the individual who holds the position that**
- 11 **the company has designated as the position reasonably**
- 12 **capable of processing such an inquiry or request.**
- 13 **(2) Specify that the inquiry or request is made under this**
- 14 **section.**
- 15 **(3) Specify the penalty described in subsection (d) to which the**
- 16 **company is subject for noncompliance with the inquiry or**
- 17 **request.**
- 18 **(4) Numerically list the questions to which a response is**
- 19 **requested.**
- 20 **(c)".**
- 21 Page 34, line 32, delete "." and insert **"or waive all or any part of**
- 22 **a civil penalty described in subsection (d)."**.
- 23 Page 34, line 33, delete "(c)" and insert "(d)".
- 24 Page 34, line 35, after "." insert **"A civil penalty assessed under**
- 25 **this subsection may not exceed three thousand dollars (\$3,000).**
- 26 **(e)".**
- 27 Page 34, line 36, delete "subsection" and insert **"section"**.
- 28 Page 35, line 4, after "." insert **"However, the term does not**
- 29 **include the coverages described in IC 27-8-5-2.5(a)."**.
- 30 Page 35, line 15, delete "JULY 1, 2012]:" and insert "JANUARY 1,
- 31 2013]:".
- 32 Page 39, line 14, delete "JULY 1, 2012]:" and insert "JANUARY 1,
- 33 2013]:".
- 34 Page 41, delete lines 32 through 35, begin a new line block indented
- 35 and insert:
- 36 **"(1) comprised of regulators, including other state, federal,**
- 37 **and international regulators, responsible for the supervision**
- 38 **of:**

- 1           **(A) a domestic insurer that is part of an insurance holding**  
 2           **company system that has international operations;**  
 3           **(B) an insurance holding company system described in**  
 4           **clause (A); or**  
 5           **(C) an affiliate of:**  
 6               **(i) a domestic insurer described in clause (A); or**  
 7               **(ii) an insurance holding company system described in**  
 8               **clause (B); and".**
- 9           Page 47, line 7, delete "(19)".
- 10          Page 55, line 22, delete "in violation of" and insert "**required by**".
- 11          Page 57, line 23, delete "the" and insert "**an agreement that was**  
 12          **previously filed under this section is terminated, the domestic**  
 13          **insurer shall send written notice of the termination to the**  
 14          **commissioner. The commissioner shall determine whether a filing**  
 15          **concerning the termination is required and shall notify the**  
 16          **domestic insurer of the commissioner's determination."**
- 17          Page 57, delete lines 24 through 26.
- 18          Page 59, line 15, delete "in violation of" and insert "**as required**  
 19          **by**".
- 20          Page 61, line 33, delete "6(c)(4)" and insert "**6**".
- 21          Page 62, line 6, after "treatment" insert "**and privileged**".
- 22          Page 62, line 12, delete "subsection (c)." and insert "**subsections (c)**  
 23          **and (d)**".
- 24          Page 62, line 21, delete "acting under the" and insert ":".
- 25          Page 62, delete line 22.
- 26          Page 62, line 23, delete ";" and insert "**while acting under the**  
 27          **authority of the commissioner;**".
- 28          Page 62, line 34, after "authority" insert ",".
- 29          Page 62, line 35, after "confidential" insert "**and privileged**".
- 30          Page 63, line 2, after "confidential" insert "**and privileged**".
- 31          Page 63, line 14, delete "privileged and confidential" and insert  
 32          "**confidential or privileged**".
- 33          Page 63, line 20, delete "(4) Enter", begin a new paragraph and  
 34          insert:  
 35          "**(d) The commissioner shall enter**".
- 36          Page 63, line 23, delete "(A)", begin a new line block indented and  
 37          insert:  
 38          "**(1)**".

- 1 Page 63, line 25, delete "(i)", begin a new line double block indented  
2 and insert:  
3 **"(A)"**.
- 4 Page 63, line 27, delete "(ii)", begin a new line double block  
5 indented and insert:  
6 **"(B)"**.
- 7 Page 63, line 29, delete "(B)", begin a new line block indented and  
8 insert:  
9 **"(2)"**.
- 10 Page 63, line 32, delete "(i)", begin a new line double block indented  
11 and insert:  
12 **"(A)"**.
- 13 Page 63, line 34, delete "(ii)", begin a new line double block  
14 indented and insert:  
15 **"(B)"**.
- 16 Page 63, line 36, delete "(C)", begin a new line block indented and  
17 insert:  
18 **"(3)"**.
- 19 Page 63, line 41, delete "(D)", begin a new line block indented and  
20 insert:  
21 **"(4)"**.
- 22 Page 64, line 6, delete "(d)" and insert **"(e)"**.
- 23 Page 64, line 10, delete "(e)" and insert **"(f)"**.
- 24 Page 64, line 14, delete "(f)" and insert **"(g)"**.
- 25 Page 64, line 17, delete "not subject to IC 5-14-3;" and insert  
26 **"privileged;"**.
- 27 Page 66, between lines 20 and 21, begin a new paragraph and insert:  
28 "SECTION 22. IC 27-6-10-1 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 1. **(a)** As used in this  
30 chapter, "accredited reinsurer" means an insurer that:  
31 (1) files with the commissioner evidence of the insurer's  
32 submission to Indiana jurisdiction;  
33 (2) submits to Indiana authority to examine the insurer's books  
34 and records;  
35 (3) is:  
36 (A) licensed to transact insurance or reinsurance in at least one  
37 (1) state; or  
38 (B) in the case of a United States branch of an alien ~~company~~

- 1           (as defined in IC 27-1-2-3); **assuming insurer**, entered  
 2           through and licensed to transact insurance or reinsurance in at  
 3           least one (1) state; ~~and~~  
 4           (4) files annually with the commissioner a copy of the insurer's  
 5           annual statement filed with the insurance department of the  
 6           insurer's state of domicile and a copy of the insurer's most recent  
 7           audited financial statement; and  
 8           **(5) demonstrates to the commissioner's satisfaction that the**  
 9           **insurer:**  
 10           **(A) has adequate financial capacity to meet the insurer's**  
 11           **reinsurance obligations; and**  
 12           **(B) is otherwise qualified to assume reinsurance from**  
 13           **domestic insurers.**  
 14           **(b) An assuming insurer is considered to meet the requirement**  
 15           **specified in subsection (a)(5) as of the time of the assuming**  
 16           **insurer's application for accreditation if:**  
 17           ~~(A)~~ **(1) the assuming insurer** maintains a surplus as regards  
 18           policyholders in an amount not less than twenty million dollars  
 19           (\$20,000,000); and ~~whose~~  
 20           **(2) the assuming insurer's** accreditation has not been denied by  
 21           the commissioner within ninety (90) days ~~of~~ **after** submission ~~or~~  
 22           ~~(B) maintains a surplus as regards policyholders in an amount~~  
 23           ~~less than twenty million dollars (\$20,000,000) and whose~~  
 24           ~~accreditation has been approved by the commissioner.~~  
 25           **of the assuming insurer's application.**  
 26           SECTION 23. IC 27-6-10-2.2 IS ADDED TO THE INDIANA  
 27           CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 28           [EFFECTIVE JULY 1, 2012]: **Sec. 2.2. As used in this chapter,**  
 29           **"certified reinsurer" means an assuming insurer that is certified by**  
 30           **the commissioner under section 11.5 of this chapter.**  
 31           SECTION 24. IC 27-6-10-5 IS AMENDED TO READ AS  
 32           FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 5. As used in section  
 33           ~~14(c)~~ **14(c)(3)** of this chapter, "qualified United States financial  
 34           institution" means an institution that:  
 35           (1) is organized, or in the case of a United States office of a  
 36           foreign banking organization licensed, under the laws of the  
 37           United States or any state thereof;  
 38           (2) is regulated, supervised, and examined by United States

1 federal or state authorities having regulatory authority over banks  
2 and trust companies; and

3 (3) has been determined by the commissioner or the Securities  
4 Valuation Office of the National Association of Insurance  
5 Commissioners to meet the standards of financial condition and  
6 standing as are considered necessary and appropriate to regulate  
7 the quality of financial institutions whose letters of credit will be  
8 acceptable to the commissioner.

9 SECTION 25. IC 27-6-10-7, AS AMENDED BY P.L.11-2011,  
10 SECTION 26, IS AMENDED TO READ AS FOLLOWS  
11 [EFFECTIVE JULY 1, 2012]: Sec. 7. Credit for reinsurance shall be  
12 allowed to any domestic ceding insurer as either an asset or a ~~deduction~~  
13 **reduction** from liability on account of reinsurance ceded only ~~when:~~ **as**  
14 **follows:**

15 (1) The reinsurer meets the requirements of **one (1) of the**  
16 **following:**

17 (A) **Only with respect to cessions of the kind of insurance**  
18 **or reinsurance business for which the assuming insurer is**  
19 **licensed or otherwise permitted to assume in:**

20 (i) **the assuming insurer's state of domicile; or**

21 (ii) **with respect to a United States branch of an alien**  
22 **assuming insurer, the state through which the alien**  
23 **assuming insurer is entered and licensed to engage in the**  
24 **business of insurance or reinsurance;**

25 section 8, **9, or 10** of this chapter.

26 ~~(B)~~ section 9 of this chapter;

27 ~~(C)~~ **(B)** Sections 10 and 12 of this chapter.

28 ~~(D)~~ **(C)** Sections 11 and 12 of this chapter.

29 **(D) Section 11.5 of this chapter.**

30 ~~(E)~~ **(E)** Section 13 of this chapter. ~~or~~

31 ~~(F)~~ section 16 of this chapter; and

32 (2) The reinsurance contract provides in substance that, in the  
33 event of the insolvency of the ceding insurer, the reinsurance is  
34 payable under a contract reinsured by the assuming insurer on the  
35 basis of reported claims allowed in the liquidation proceedings,  
36 subject to court approval, without diminution because of the  
37 insolvency of the ceding insurer. Payments under this subdivision  
38 must be made directly to the ceding insurer or to the ceding

1 insurer's domiciliary liquidator except as provided in  
 2 IC 27-9-3-30.1. The reinsurance agreement may provide that the  
 3 domiciliary liquidator of an insolvent ceding insurer shall give  
 4 written notice to an assuming insurer of the pendency of a claim  
 5 against the ceding insurer on the contract reinsured within a  
 6 reasonable time after the claim is filed in the liquidation  
 7 proceeding. During the pendency of the claim, any assuming  
 8 insurer may investigate the claim and interpose in the proceeding  
 9 where the claim is to be adjudicated, at the assuming insurer's  
 10 expense, any defenses that the assuming insurer considers  
 11 available to the ceding insurer or the liquidator. If two (2) or more  
 12 assuming insurers are involved in the same claim and a majority  
 13 in interest elect to interpose a defense to the claim, the expense  
 14 must be apportioned under the terms of the reinsurance agreement  
 15 as though the expense had been incurred by the ceding insurer.

16 SECTION 26. IC 27-6-10-9 IS AMENDED TO READ AS  
 17 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 9. As provided in  
 18 section 7 of this chapter, credit for reinsurance shall be allowed a  
 19 domestic ceding insurer when the reinsurance is ceded to an assuming  
 20 insurer that is an accredited reinsurer in Indiana. ~~No credit shall be~~  
 21 ~~allowed a domestic ceding insurer if the assuming insurer's~~  
 22 ~~accreditation has been revoked by the commissioner after notice and~~  
 23 ~~hearing.~~

24 SECTION 27. IC 27-6-10-10 IS AMENDED TO READ AS  
 25 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 10. As provided in  
 26 section 7 of this chapter, credit shall be allowed a domestic ceding  
 27 insurer when the reinsurance is ceded to an assuming insurer:

- 28 (1) that:
- 29 (A) is domiciled ~~and licensed~~ in; or
  - 30 (B) in the case of a United States branch of an alien ~~company~~  
 31 ~~(as defined in IC 27-1-2-3)~~, **assuming insurer**, is entered  
 32 through;  
 33 a state that employs standards regarding credit for reinsurance  
 34 substantially similar to those applicable under this chapter;
- 35 (2) that:
- 36 (A) maintains a surplus as regards policyholders in an amount  
 37 not less than twenty million dollars (\$20,000,000); and
  - 38 (B) submits to the authority of Indiana to examine the insurer's

1 books and records;  
 2 provided, however, that the requirement of clause (A) does not  
 3 apply to reinsurance ceded and assumed pursuant to pooling  
 4 arrangements among insurers in the same holding company  
 5 system; and

6 (3) that complies with section 12 of this chapter.

7 SECTION 28. IC 27-6-10-11 IS AMENDED TO READ AS  
 8 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 11. (a) As provided in  
 9 section 7 of this chapter **and subject to section 13.3 of this chapter**,  
 10 credit for reinsurance shall be allowed a domestic ceding insurer when  
 11 the reinsurance is ceded to an assuming insurer that maintains a trust  
 12 fund in a qualified United States financial institution (as defined in  
 13 section 6 of this chapter) for the payment of the valid claims of its  
 14 United States ~~policyholders and~~ ceding insurers, their assigns, and  
 15 successors in interest, and the assuming insurer complies with section  
 16 12 of this chapter. In order for the commissioner to determine the  
 17 sufficiency of the trust fund, the assuming insurer shall report annually  
 18 to the commissioner substantially the same information as that required  
 19 to be reported by licensed insurers on the National Association of  
 20 Insurance Commissioners' annual statement form. **The assuming**  
 21 **insurer shall submit to the examination of the assuming insurer's**  
 22 **books and records by the commissioner and shall bear the expense**  
 23 **of the examination.** A trust maintained under this section shall comply  
 24 with the provisions of this section.

25 **(b) The form of a trust described in subsection (a) and any**  
 26 **amendments to the trust must:**

27 **(1) have been approved by:**

28 **(A) the commissioner of the state where the trust is**  
 29 **domiciled; or**

30 **(B) the commissioner of another state who, under the terms**  
 31 **of the trust instrument, has accepted principal regulatory**  
 32 **oversight of the trust; and**

33 **(2) be filed with the commissioner of every state in which the**  
 34 **ceding insurer beneficiaries of the trust are domiciled.**

35 ~~(b) A trust shall comply with~~ **(c) The following requirements apply**  
 36 **to the following categories of assuming insurer:**

37 **(1) In the case of a trust of a single assuming insurer, the**  
 38 **following apply:**

- 1 (A) The trust ~~fund~~ shall consist of a ~~trusteed account~~  
 2 ~~representing funds in trust in an amount not less than~~ the  
 3 assuming insurer's liabilities attributable to ~~business written in~~  
 4 ~~the reinsurance ceded by United States and ceding insurers.~~  
 5 (B) **Except as provided in clause (C),** the assuming insurer  
 6 shall maintain a trusteed surplus of not less than twenty million  
 7 dollars (\$20,000,000).  
 8 (C) **After the assuming insurer has, for at least three (3)**  
 9 **full years, permanently discontinued underwriting new**  
 10 **business secured by the trust and the commissioner that**  
 11 **has principal regulatory oversight of the trust has**  
 12 **performed a risk assessment:**  
 13 (i) **that may involve an actuarial review, including an**  
 14 **independent analysis of reserves and cash flows; and**  
 15 (ii) **that considers all material risk factors, including the**  
 16 **lines of business involved, the stability of the incurred**  
 17 **loss estimates, and the effect of the surplus requirements**  
 18 **specified in clause (B) on the assuming insurer's liquidity**  
 19 **or solvency;**  
 20 **and determined that a surplus level that is less than the**  
 21 **amount required by clause (B) is adequate for the**  
 22 **protection of United States ceding insurers, policyholders,**  
 23 **and claimants in light of reasonably foreseeable adverse**  
 24 **loss development, the commissioner may authorize a**  
 25 **reduction in the trusteed surplus amount required by**  
 26 **clause (B). However, the amount required by clause (B)**  
 27 **may not be reduced to an amount less than thirty percent**  
 28 **(30%) of the assuming insurer's liabilities that are**  
 29 **attributable to reinsurance ceded by United States ceding**  
 30 **insurers covered by the trust.**  
 31 (2) In the case of a ~~trust~~ of a group including incorporated and  
 32 individual unincorporated underwriters that ~~are~~ **is** an assuming  
 33 insurer, **the following apply:**  
 34 (A) **For reinsurance ceded under reinsurance agreements**  
 35 **with an inception, amendment, or renewal date after**  
 36 **December 31, 1992,** the trust shall consist of a trusteed  
 37 account ~~representing the liabilities of the group attributable to~~  
 38 ~~business written in the~~ **in an amount not less than the**

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respective underwriters' several liabilities attributable to business ceded by United States ceding insurers to any underwriter of the group.

(B) Notwithstanding any other provision of this chapter, for reinsurance ceded under reinsurance agreements with an inception date before January 1, 1993, and not amended or renewed after December 31, 1992, the trust shall consist of a trustee account in an amount not less than the respective underwriters' several insurance and reinsurance liabilities attributable to business written in the United States.

~~(B)~~ (C) In addition to the trusts described in clauses (A) and (B), the group shall maintain in trust a trustee surplus of which one hundred million dollars (\$100,000,000) shall be held jointly for the benefit of United States ceding insurers of any member of the group and for all years of account.

~~(C)~~ (D) The incorporated members of the group shall not be engaged in any business other than underwriting as a member of the group and shall be subject to the same level of solvency regulation and solvency control by the group's domiciliary regulator as are the unincorporated members.

The group shall make available to the commissioner an annual certification of the solvency of each underwriter by the domiciliary regulator of the group and its independent public accountants. Not more than ninety (90) days after the group's financial statements are due to be filed with the group's domiciliary regulator, the group shall provide to the commissioner an annual certification by the group's domiciliary regulator of the solvency of each underwriter member. However, if a certification is unavailable, the group shall provide to the commissioner financial statements of each underwriter member of the group, prepared by independent public accountants.

(3) In the case of a trust of a group of incorporated insurers underwriters under common administration that are is an assuming insurer,

- ~~(A)~~ the group:
  - (i) shall report annually to the commissioner as required

- 1           under subsection (a);
- 2           (ii) (A) must have continuously transacted an insurance
- 3           business outside the United States for at least three (3) years
- 4           immediately before making application for accreditation;
- 5           (iii) shall submit to Indiana's authority to examine the books
- 6           and records of the group and bear the expense of the
- 7           examination;
- 8           (iv) (B) shall have maintain an aggregate policyholders'
- 9           surplus of at least ten billion dollars (\$10,000,000,000); and
- 10          (C) shall maintain a trust fund in an amount not less than
- 11          the group's several liabilities attributable to business ceded
- 12          by United States ceding insurers to any member of the
- 13          group under reinsurance contracts issued in the name of
- 14          the group;
- 15          (v) (D) shall maintain a joint trustee surplus of which one
- 16          hundred million dollars (\$100,000,000) shall be held jointly for
- 17          the benefit of United States ceding insurers of any member of
- 18          the group as additional security for any such liabilities; and
- 19          (B) each member of the group (E) shall, not more than ninety
- 20          (90) days after the group's financial statements are due to
- 21          be filed with the group's domiciliary regulator, make
- 22          available to the commissioner:
- 23               (i) an annual certification of the each underwriter member's
- 24               solvency by the member's domiciliary regulator; and its
- 25               (ii) financial statements of each underwriter member of
- 26               the group prepared by the member's independent public
- 27               accountant. and
- 28          (E) The trust shall be in an amount equal to the several
- 29          liabilities of the group attributable to business ceded by United
- 30          States ceding insurers to any member of the group pursuant to
- 31          reinsurance contracts issued in the name of such group.
- 32          (c) A trust shall be in a form approved by the commissioner.
- 33          (d) The trust instrument of a trust shall provide that contested claims
- 34          are valid and enforceable upon the final order of any court with
- 35          jurisdiction in the United States.
- 36          (e) A trust shall vest legal title to the trust's assets in the trustees of
- 37          the trust for the trust's United States policyholders and benefit of the
- 38          assuming insurer's United States ceding insurers, their assigns, and

- 1 successors in interest.
- 2 (f) A trust and the assuming insurer shall be subject to examination
- 3 as determined by the commissioner.
- 4 (g) A trust shall remain in effect for as long as the assuming insurer
- 5 ~~shall have~~ **has** outstanding obligations due under the reinsurance
- 6 agreements subject to the trust.
- 7 (h) Not later than February 28 of each year the ~~trustees~~ **trustee** of a
- 8 trust permitted under this section shall report in writing to the
- 9 commissioner the following information:
- 10 (1) The balance of the trust.
- 11 (2) A listing of the trust's investments at the preceding year end.
- 12 (3) A certification of the date of termination of the trust, if
- 13 applicable, or a certification that the trust shall not expire before
- 14 **the following** December 31.
- 15 (i) Credit may only be permitted under this section if an assuming
- 16 insurer also complies with section 12 of this chapter.
- 17 SECTION 29. IC 27-6-10-11.5 IS ADDED TO THE INDIANA
- 18 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 19 [EFFECTIVE JULY 1, 2012]: **Sec. 11.5. (a) As provided in section**
- 20 **7 of this chapter and subject to section 13.3 of this chapter, credit**
- 21 **for reinsurance shall be allowed a domestic ceding insurer when**
- 22 **the reinsurance is ceded to an assuming insurer that:**
- 23 (1) **has been certified as a certified reinsurer by the**
- 24 **commissioner in Indiana; and**
- 25 (2) **secures the assuming insurer's obligations as required by**
- 26 **this section.**
- 27 (b) **An assuming insurer must do all of the following to be**
- 28 **eligible for certification under this section:**
- 29 (1) **Be domiciled and licensed to engage in insurance or**
- 30 **reinsurance business in a jurisdiction that has been**
- 31 **determined under subsection (d) or (e) by the commissioner to**
- 32 **be a qualified jurisdiction.**
- 33 (2) **Maintain minimum capital and surplus, or the equivalent,**
- 34 **in an amount determined by the commissioner in rules**
- 35 **adopted under IC 4-22-2.**
- 36 (3) **Maintain financial strength ratings from at least two (2)**
- 37 **rating agencies that the commissioner determines acceptable**
- 38 **under rules adopted under IC 4-22-2.**

- 1           **(4) Agree to submit to the jurisdiction of Indiana.**
- 2           **(5) Appoint the commissioner as the assuming insurer's agent**
- 3           **for service of process in Indiana.**
- 4           **(6) Agree to provide security for one hundred percent (100%)**
- 5           **of the assuming insurer's liabilities attributable to reinsurance**
- 6           **ceded by United States ceding insurers if the assuming insurer**
- 7           **resists enforcement of a final United States judgment.**
- 8           **(7) Agree to meet information filing requirements determined**
- 9           **by the commissioner, at the time of application for**
- 10          **certification and on an ongoing basis.**
- 11          **(8) Satisfy any other requirements specified by the**
- 12          **commissioner.**
- 13          **(c) An association that includes incorporated and individual**
- 14          **unincorporated underwriters may be certified under this section if**
- 15          **all of the following requirements are met:**
- 16               **(1) The association must meet all of the requirements**
- 17               **described in subsection (b).**
- 18               **(2) The association must satisfy the association's minimum**
- 19               **capital and surplus requirements through the capital and**
- 20               **surplus equivalents (net of liabilities) of the association and**
- 21               **the association's members, including a joint central fund:**
- 22                       **(A) that may be applied to any unsatisfied obligation of the**
- 23                       **association or any of the association's members; and**
- 24                       **(B) in an amount determined by the commissioner to**
- 25                       **provide adequate protection.**
- 26               **(3) The incorporated members of the association:**
- 27                       **(A) may not engage in any business other than**
- 28                       **underwriting as a member of the association; and**
- 29                       **(B) are subject to the same level of regulation and solvency**
- 30                       **control by the association's domiciliary regulator as the**
- 31                       **level that applies to the unincorporated members of the**
- 32                       **association.**
- 33               **(4) Not more than ninety (90) days after the association's**
- 34               **financial statements are due to be filed with the association's**
- 35               **domiciliary regulator, the association must provide to the**
- 36               **commissioner:**
- 37                       **(A) an annual certification by the association's domiciliary**
- 38                       **regulator of the solvency; or**

- 1           **(B) if a certification is unavailable, financial statements**
- 2           **prepared by the independent public accountant;**
- 3           **of each underwriter member of the association.**
- 4           **(d) The commissioner shall create and publish a list of**
- 5           **non-United States jurisdictions that the commissioner determines**
- 6           **are qualified jurisdictions. The following requirements apply to the**
- 7           **commissioner's creation, publication, maintenance, and use of the**
- 8           **list created and published under this subsection:**
- 9           **(1) In determining whether a jurisdiction is a qualified**
- 10           **jurisdiction, the commissioner shall:**
- 11           **(A) initially and on an ongoing basis, evaluate the**
- 12           **appropriateness and effectiveness of the reinsurance**
- 13           **supervisory system of the jurisdiction;**
- 14           **(B) consider the rights, benefits, and extent of reciprocal**
- 15           **recognition afforded by the jurisdiction to reinsurers**
- 16           **licensed and domiciled in the United States;**
- 17           **(C) consider the list of qualified jurisdictions that is**
- 18           **published by the National Association of Insurance**
- 19           **Commissioners committee process; and**
- 20           **(D) consider any other factors that the commissioner**
- 21           **considers necessary, including any of the following:**
- 22           **(i) The framework under which the assuming insurer is**
- 23           **regulated.**
- 24           **(ii) The structure and authority of the domiciliary**
- 25           **regulator with respect to solvency requirements and**
- 26           **financial surveillance.**
- 27           **(iii) The substance of financial and operating standards**
- 28           **for assuming insurers in the domiciliary jurisdiction.**
- 29           **(iv) The form and substance of financial reports required**
- 30           **to be filed or made public by reinsurers in the**
- 31           **domiciliary jurisdiction, and the accounting principals**
- 32           **used.**
- 33           **(v) The domiciliary regulator's willingness to cooperate**
- 34           **with United States regulators and the commissioner.**
- 35           **(vi) The history of performance by assuming insurers in**
- 36           **the domiciliary jurisdiction.**
- 37           **(vii) Documented evidence of substantial problems in the**
- 38           **domiciliary jurisdiction with the enforcement of final**

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**United States judgments.**

**(viii) Relevant international standards or guidance with respect to mutual recognition of reinsurance supervision adopted by the International Association of Insurance Supervisors or a successor organization.**

**(2) A jurisdiction considered for qualification under this subsection must:**

**(A) agree to share information and cooperate with the commissioner with respect to all certified reinsurers that are domiciled in the jurisdiction; and**

**(B) not have been determined by the commissioner not to have adequately and promptly enforced final United States judgments and arbitration awards;**

**to be determined to be a qualified jurisdiction.**

**(3) If the commissioner determines that a jurisdiction is qualified, but the qualified jurisdiction does not appear on the National Association of Insurance Commissioners list described in subdivision (1)(C), the commissioner must thoroughly document the commissioner's justification for the determination in accordance with criteria established by the commissioner in rules adopted under IC 4-22-2.**

**(e) The commissioner:**

**(1) shall consider a United States jurisdiction that meets the requirements for accreditation under the National Association of Insurance Commissioners financial standards and accreditation program to be a qualified jurisdiction; and**

**(2) may, instead of revocation, indefinitely suspend a certified reinsurer's certification under this section if the certified reinsurer's domiciliary jurisdiction ceases to be a qualified jurisdiction.**

**(f) The commissioner shall:**

**(1) after considering the financial strength ratings assigned to the certified reinsurer by rating agencies considered acceptable to the commissioner according to rules adopted under IC 4-22-2, assign a rating to each certified reinsurer; and**

**(2) publish a list of all certified reinsurers and the rating assigned to each certified reinsurer under subdivision (1).**

1           **(g) A certified reinsurer shall secure obligations assumed from**  
2 **United States ceding insurers under this section at a level consistent**  
3 **with the rating assigned by the commissioner under subsection (f),**  
4 **as follows:**

5           **(1) For a domestic ceding insurer to qualify for full financial**  
6 **statement credit for reinsurance ceded to a certified reinsurer,**  
7 **the certified reinsurer shall maintain security:**

8           **(A) in a form acceptable to the commissioner and**  
9 **consistent with section 14 of this chapter; or**

10           **(B) in a multibeneficiary trust under section 11 of this**  
11 **chapter.**

12           **(2) If a certified reinsurer:**

13           **(A) maintains a trust to fully secure the certified**  
14 **reinsurer's obligations under section 11 of this chapter;**  
15 **and**

16           **(B) chooses to secure the certified reinsurer's obligations**  
17 **incurred as a certified reinsurer under this section in the**  
18 **form of a multibeneficiary trust;**

19 **the certified reinsurer shall maintain separate trust accounts**  
20 **for the certified reinsurer's obligations under section 11 of this**  
21 **chapter and for the certified reinsurer's obligations incurred**  
22 **under reinsurance agreements issued or renewed as a certified**  
23 **reinsurer with reduced security under this section or**  
24 **comparable laws of other United States jurisdictions.**

25           **(3) If a certified reinsurer described in subdivision (2) has not**  
26 **agreed:**

27           **(A) in the language of the trust; and**

28           **(B) under an agreement with the commissioner that has**  
29 **principal regulatory oversight of each trust account**  
30 **described in subdivision (2);**

31 **to fund, upon termination of any of the trust accounts and**  
32 **from the surplus of the terminated trust account, any**  
33 **deficiency of any of the other trust accounts, the commissioner**  
34 **shall revoke the certified reinsurer's certification under this**  
35 **section.**

36           **(4) The minimum trusteed surplus requirements of section 11**  
37 **of this chapter do not apply with respect to a multibeneficiary**  
38 **trust that is maintained by a certified reinsurer for the**

1           purpose of securing obligations incurred by the certified  
2           reinsurer under this section. However, the multibeneficiary  
3           trust must maintain a minimum trusteed surplus of at least  
4           ten million dollars (\$10,000,000).

5           (5) If the security for obligations incurred by a certified  
6           reinsurer under this section is insufficient, the commissioner:

7                 (A) shall reduce the allowable credit by an amount in  
8                 proportion to the deficiency; and

9                 (B) may impose further reductions in the allowable credit  
10                if the commissioner determines that a material risk exists  
11                that the certified reinsurer's obligations will not be paid in  
12                full when the obligations are due.

13          (6) If the certification of an assuming insurer under this  
14          section is revoked, suspended, inactivated, or voluntarily  
15          surrendered, the commissioner shall, for purposes of  
16          reinsurance in force:

17                (A) except as provided in clause (B), regulate the assuming  
18                insurer as if the assuming insurer were a certified  
19                reinsurer; and

20                (B) require that the assuming insurer provide security for  
21                one hundred percent (100%) of the assuming insurer's  
22                obligations attributable to the reinsurance in force.

23          However, clause (B) does not apply to an assuming insurer  
24          after certification is suspended or inactivated if, after  
25          suspension or inactivation, the commissioner assigns a new  
26          rating to the assuming insurer that is higher than the rating  
27          assigned under subsection (f)(1) before certification was  
28          suspended or inactivated.

29          (h) If an assuming insurer that applies for certification under  
30          this section is a certified reinsurer in a jurisdiction that is  
31          accredited by the National Association of Insurance  
32          Commissioners, the commissioner may:

33                (1) defer to the:

34                   (A) accredited jurisdiction's certification of the assuming  
35                   insurer; and

36                   (B) rating assigned to the assuming insurer by the  
37                   accredited jurisdiction; and

38                (2) consider the assuming insurer a certified reinsurer in

1           **Indiana without the assuming insurer meeting the**  
 2           **requirements of subsection (b)(2) and (b)(3).**

3           **(i) A certified reinsurer that ceases to assume new business in**  
 4           **Indiana may request that the commissioner allow the certified**  
 5           **reinsurer to maintain certification in inactive status to continue to**  
 6           **qualify for the reduction in security for the certified reinsurer's**  
 7           **in-force business in Indiana. If inactive status is granted by the**  
 8           **commissioner, the certified reinsurer shall continue to comply with**  
 9           **this section and the commissioner shall, after considering the**  
 10           **reasons that the certified reinsurer has ceased assuming new**  
 11           **business in Indiana, assign a new rating to the certified reinsurer.**

12           **(j) If a certified reinsurer continues throughout the year to pay**  
 13           **claims in a timely manner, the certified reinsurer is not, for one (1)**  
 14           **year after the date of the first liability reserve entry by a ceding**  
 15           **company resulting from a loss from a catastrophic occurrence**  
 16           **recognized by the commissioner, required to post security for the**  
 17           **catastrophe recoverables in the following lines of business (as**  
 18           **reported on the National Association of Insurance Commissioners**  
 19           **annual financial statement and specifically related to the**  
 20           **catastrophic occurrence):**

- 21           **(1) Fire.**
- 22           **(2) Allied lines.**
- 23           **(3) Farmowners multiple peril.**
- 24           **(4) Homeowners multiple peril.**
- 25           **(5) Commercial multiple peril.**
- 26           **(6) Inland marine.**
- 27           **(7) Earthquake.**
- 28           **(8) Motor vehicle physical damage.**

29           **SECTION 30. IC 27-6-10-12 IS AMENDED TO READ AS**  
 30           **FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 12. If an assuming**  
 31           **insurer is not licensed, or accredited, or certified to transact insurance**  
 32           **or reinsurance in Indiana, the credit permitted by sections 10 and 11 of**  
 33           **this chapter shall not be allowed unless the assuming insurer agrees in**  
 34           **the reinsurance agreements to all of the following:**

- 35           **(1) That in the event of the failure of the assuming insurer to**  
 36           **perform the assuming insurer's obligations under the terms of the**  
 37           **reinsurance agreement, the assuming insurer, at the request of the**  
 38           **ceding insurer, shall:**

- 1 (A) submit to the jurisdiction of any court with jurisdiction in
- 2 any state of the United States;
- 3 (B) comply with all requirements necessary to give the court
- 4 described in clause (A) jurisdiction; and
- 5 (C) abide by the final decision of the court or of any appellate
- 6 court in the event of an appeal. ~~and~~
- 7 (2) To designate the commissioner or an attorney ~~licensed in, and~~
- 8 ~~having offices in, Indiana~~ as its true and lawful attorney upon
- 9 whom may be served any lawful process in any action, suit, or
- 10 proceeding instituted by or on behalf of the ceding ~~company.~~
- 11 **insurer.**

12 This section is not intended to conflict with or override the obligation  
 13 of the parties to a reinsurance agreement to arbitrate their disputes, if  
 14 such an obligation is created in the agreement.

15 SECTION 31. IC 27-6-10-13 IS AMENDED TO READ AS  
 16 FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 13. Credit shall be  
 17 allowed to a domestic ceding insurer when the reinsurance is ceded to  
 18 an assuming insurer not meeting the requirements of sections 8, 9, 10,  
 19 ~~or 11, or 11.5 of this chapter~~, but only with respect to the insurance of  
 20 risks located in jurisdictions where ~~such the~~ reinsurance is required by  
 21 applicable law or regulation of that jurisdiction.

22 SECTION 32. IC 27-6-10-13.3 IS ADDED TO THE INDIANA  
 23 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 24 [EFFECTIVE JULY 1, 2012]: **Sec. 13.3. If an assuming insurer does**  
 25 **not meet the requirements of section 8, 9, or 10 of this chapter, a**  
 26 **credit allowed under section 11 or 11.5 of this chapter is not**  
 27 **allowed unless the assuming insurer agrees in the trust agreements**  
 28 **under section 11 or 11.5 of this chapter to the following:**

- 29 (1) **That if the trust fund is inadequate because the:**
- 30 (A) **trust fund contains less than the amount required by**
- 31 **section 11(c) of this chapter; or**
- 32 (B) **grantor of the trust is declared insolvent or placed into**
- 33 **receivership, rehabilitation, liquidation, or similar**
- 34 **proceedings under the law of the grantor's domiciliary**
- 35 **state or country;**
- 36 **the trustee shall comply with an order of the commissioner**
- 37 **that has regulatory oversight of the trust or of a court with**
- 38 **jurisdiction directing the trustee to transfer all assets of the**

1 trust fund to the commissioner that has regulatory oversight  
2 of the trust.

3 (2) That:

4 (A) the assets of the trust will be distributed by, and claims  
5 will be filed with and valued by, the commissioner that has  
6 regulatory oversight of the trust; and

7 (B) the assets of the trust will be distributed under, and  
8 claims will be filed and valued under, the laws of the  
9 domiciliary state of the trust that apply to liquidation of  
10 domestic insurers.

11 (3) That if the commissioner that has regulatory oversight of  
12 the trust determines that any part of the assets of the trust  
13 fund is unnecessary to satisfy the claims of the United States  
14 ceding insurers of the grantor of the trust, the commissioner  
15 that has regulatory oversight of the trust shall return the  
16 unnecessary part of the assets to the trustee for distribution  
17 under the trust agreement.

18 (4) That the grantor of the trust waives any legal right under  
19 United States law that is inconsistent with this section.

20 SECTION 33. IC 27-6-10-13.6 IS ADDED TO THE INDIANA  
21 CODE AS A NEW SECTION TO READ AS FOLLOWS  
22 [EFFECTIVE JULY 1, 2012]: Sec. 13.6. If an accredited reinsurer  
23 or a certified reinsurer ceases to meet the requirements for  
24 accreditation or certification under this chapter, the commissioner  
25 may suspend or revoke the accreditation or certification as follows:

26 (1) After the reinsurer receives from the commissioner notice  
27 and the opportunity for a hearing, the commissioner may  
28 order suspension or revocation of the accreditation or  
29 certification, which takes effect after the hearing unless one  
30 (1) of the following occurs:

31 (A) The reinsurer waives the right to a hearing.

32 (B) The commissioner's order is based on:

33 (i) regulatory action by the reinsurer's domiciliary  
34 jurisdiction; or

35 (ii) the voluntary surrender or termination of the  
36 reinsurer's eligibility to transact insurance or  
37 reinsurance business in the reinsurer's domiciliary  
38 jurisdiction or in the reinsurer's primary certifying

1 jurisdiction described in section 11.5(h) of this chapter.  
2 (C) The commissioner determines that an emergency  
3 requires immediate action and a court with jurisdiction has  
4 not stayed the commissioner's action based on the  
5 determination.

6 (2) If a reinsurer's accreditation or certification is suspended  
7 under this section, credit for reinsurance is not allowed for a  
8 reinsurance contract that is issued or renewed by the  
9 reinsurer during the period of suspension except to the extent  
10 that the reinsurer's obligations under the reinsurance contract  
11 are secured under section 14 of this chapter.

12 (3) If a reinsurer's accreditation or certification is revoked  
13 under this section, credit for reinsurance is not allowed for a  
14 reinsurance contract that is issued or renewed by the  
15 reinsurer after the effective date of the revocation except to  
16 the extent that the reinsurer's obligations under the  
17 reinsurance contract are secured under section 11.5(g) or 14  
18 of this chapter.

19 SECTION 34. IC 27-6-10-13.8 IS ADDED TO THE INDIANA  
20 CODE AS A NEW SECTION TO READ AS FOLLOWS  
21 [EFFECTIVE JULY 1, 2012]: Sec. 13.8. (a) A ceding insurer shall  
22 manage the ceding insurer's reinsurance recoverables in  
23 proportion to the ceding insurer's own book of business. A  
24 domestic ceding insurer shall, not more than thirty (30) days after  
25 reinsurance recoverables from any single assuming insurer or  
26 group of affiliated assuming insurers:

- 27 (1) exceeds; or
- 28 (2) is determined by the domestic ceding insurer to be likely to  
29 exceed;

30 fifty percent (50%) of the domestic ceding insurer's last reported  
31 surplus to policyholders, notify the commissioner concerning the  
32 actual or likely exposure.

33 (b) A ceding insurer shall diversify the ceding insurer's  
34 reinsurance program. A domestic ceding insurer shall, not more  
35 than thirty (30) days after:

- 36 (1) ceding to any single assuming insurer or group of affiliated  
37 assuming insurers reinsurance in excess of; or
- 38 (2) determining that the reinsurance ceded to any single

1           **assuming insurer or group of affiliated assuming insurers is**  
 2           **likely to exceed;**  
 3           **twenty percent (20%) of the domestic ceding insurer's gross written**  
 4           **premium in the preceding calendar year, notify the commissioner**  
 5           **concerning the actual or likely exposure.**

6           **(c) A notice required by subsection (a) or (b) must include**  
 7           **evidence that the domestic ceding insurer is safely managing the**  
 8           **actual or likely exposure.**

9           SECTION 35. IC 27-6-10-14 IS AMENDED TO READ AS  
 10          FOLLOWS [EFFECTIVE JULY 1, 2012]: Sec. 14. (a) **An asset or** a  
 11          reduction from liability for the reinsurance ceded by a domestic insurer  
 12          to an assuming insurer not meeting the requirements of section 8, 9, 10,  
 13          11, **11.5**, 12, ~~or~~ 13, **13.3, 13.6, or 13.8** of this chapter shall be allowed  
 14          in an amount not exceeding the liabilities carried by the ceding insurer.

15          (b) The reduction permitted under subsection (a) shall be in the  
 16          amount of funds held by or on behalf of the ceding insurer, **including**  
 17          **funds held in trust for the ceding insurer**, under a reinsurance  
 18          contract with the assuming insurer as security for the payment of  
 19          obligations thereunder. The security must be held:

20                 **(1)** in the United States subject to withdrawal solely by, and under  
 21                 the exclusive control of, the ceding insurer; ~~A reduction under this~~  
 22                 ~~section is permitted in the amounts held by or on behalf of the~~  
 23                 ~~ceding insurer in or~~

24                 **(2) in the case of** a trust, ~~for the ceding insurer held~~ in a qualified  
 25                 United States financial institution (as defined in section 6 of this  
 26                 chapter).

27          (c) The security described under subsection (b) may be in the  
 28          following forms:

29                 (1) Cash.

30                 (2) Securities listed by the Securities Valuation Office of the  
 31                 National Association of Insurance Commissioners, **including**  
 32                 **securities that are considered exempt from filing (as defined**  
 33                 **by the Purposes and Procedures Manual of the Securities**  
 34                 **Valuation Office)**, and qualifying as admitted assets.

35                 (3) Clean, irrevocable, unconditional letters of credit:

36                         **(A)** issued or confirmed by a qualified United States financial  
 37                         institution (as defined in section 5 of this chapter);

38                         **(B) effective** not later than December 31 in the year for which

1           **the filing is being made; and**  
 2           **(C) in the possession of or in trust for the ceding company**  
 3           **insurer on or before the filing date of its the ceding insurer's**  
 4           **annual statement.**

5           Letters of credit that meet applicable standards of issuer  
 6           acceptability as of the dates of their issuance (or confirmation)  
 7           shall, notwithstanding the issuing (or confirming) institution's  
 8           subsequent failure to meet applicable standards of issuer  
 9           acceptability, continue to be acceptable as security until the earlier  
 10          of their expiration, extension, renewal, modification, or  
 11          amendment.

12          (4) Any other form of security acceptable to the commissioner.

13          SECTION 36. IC 27-6-10-16 IS REPEALED [EFFECTIVE JULY  
 14          1, 2012]. Sec. 16: (a) The commissioner may, after making the  
 15          considerations required by subsection (b) and ensuring compliance as  
 16          required by subsection (c); allow credit for reinsurance ceded by a  
 17          domestic ceding insurer to an assuming insurer or group of assuming  
 18          insurers that:

19               (1) does not meet the requirements of sections 8 through 13 of this  
 20               chapter; and

21               (2) holds surplus or the equivalent in excess of two hundred fifty  
 22               million dollars (\$250,000,000);

23          (b) The commissioner shall consider the following before allowing  
 24          credit for reinsurance under subsection (a):

25               (1) Whether the assuming insurer:

26                   (A) individually; or

27                   (B) with the assuming insurer's parent and affiliated reinsurers;  
 28                   as determined appropriate by the commissioner;

29               has a secure financial strength rating from at least two (2)  
 30               nationally recognized statistical rating organizations that the  
 31               commissioner considers acceptable.

32               (2) The domiciliary regulatory jurisdiction of the assuming  
 33               insurer:

34               (3) The structure and authority of the domiciliary regulator with  
 35               regard to solvency regulation requirements and the financial  
 36               surveillance of the assuming insurer.

37               (4) The substance of financial and operating standards for  
 38               assuming insurers in the domiciliary jurisdiction.

- 1 (5) The form and substance of:
  - 2 (A) financial reports required to be filed by the assuming
  - 3 insurer in the domiciliary jurisdiction; or
  - 4 (B) other public financial statements filed in accordance with
  - 5 generally accepted accounting principles.
- 6 (6) The domiciliary regulator's willingness to cooperate with
- 7 United States regulators in general; and the commissioner in
- 8 particular.
- 9 (7) The history of performance by reinsurers in the domiciliary
- 10 jurisdiction.
- 11 (8) Documented evidence of substantial problems with the
- 12 enforcement of valid United States judgments in the domiciliary
- 13 jurisdiction.
- 14 (9) Other matters that the commissioner considers relevant.
- 15 (c) The commissioner shall ensure that an assuming insurer or group
- 16 of assuming insurers has complied with the following before allowing
- 17 credit for reinsurance under subsection (a):
  - 18 (1) The assuming insurer has submitted to the commissioner, in a
  - 19 form prescribed by the commissioner, a stipulation that the
  - 20 assuming insurer:
    - 21 (A) submits to the jurisdiction of the courts of the United
    - 22 States;
    - 23 (B) appoints an agent for service of process in the United
    - 24 States; and
    - 25 (C) agrees to post one hundred percent (100%) collateral for
    - 26 the assuming insurer's United States liabilities if the assuming
    - 27 insurer resists enforcement of a final judgment of a court of the
    - 28 United States.
  - 29 (2) The assuming insurer has filed with the commissioner, upon
  - 30 application and annually, copies of the following:
    - 31 (A) Audited financial statements, regulatory filings, and
    - 32 actuarial opinions filed with the assuming insurer's domiciliary
    - 33 regulator.
    - 34 (B) A report in a form substantially similar to the applicable
    - 35 National Association of Insurance Commissioners Annual
    - 36 Filing Blank.
    - 37 (C) A report of recoverables that are:
      - 38 (i) in dispute; or

- 1                   (ii) more than ninety (90) days past due:
- 2                   (Ⓓ) Financial statements of the assuming insurer, the assuming
- 3                   insurer's parent, and affiliated reinsurers.
- 4       (d) The commissioner shall do the following:
- 5           (1) On an ongoing basis:
- 6           (A) evaluate the:
- 7               (i) regulatory systems of alien jurisdictions; and
- 8               (ii) rights, benefits, and extent of reciprocal recognition
- 9               afforded by alien jurisdictions to reinsurers that are
- 10              domiciled and licensed in the United States;
- 11           (B) determine the appropriate approach to recognizing the
- 12           regulatory systems of alien jurisdictions described in clause
- 13           (A); and
- 14           (C) publish a list of alien jurisdictions whose reinsurers may be
- 15           approved by the commissioner as assuming insurers for which
- 16           credit for reinsurance may be allowed under this chapter.
- 17       (2) In determining the alien jurisdictions to be included on the list
- 18       published under subdivision (1)(C), the commissioner shall
- 19       consider the following:
- 20           (A) Reciprocal treatment by the alien jurisdiction of reinsurers
- 21           that are domiciled and licensed in the United States.
- 22           (B) Solvency procedures involving ceding insurers that are
- 23           domiciled and licensed in the United States.
- 24           (C) Whether the alien jurisdiction adequately and promptly
- 25           enforces final United States judgments or arbitration awards.
- 26           (D) Whether the alien jurisdiction agrees to share information
- 27           and cooperate with the commissioner with respect to reinsurers
- 28           that are domiciled and licensed in the alien jurisdiction.
- 29           (E) Relevant international standards for mutual recognition of
- 30           reinsurance regulation.
- 31       (3) Consider adoption of recommendations by the National
- 32       Association of Insurance Commissioners for inclusion on the list
- 33       published under subdivision (1)(C):
- 34           (e) If an assuming insurer or a group of assuming insurers for which
- 35       credit for reinsurance is allowed under subsection (a) continues
- 36       throughout the year to pay claims in a timely manner, the assuming
- 37       insurer or group of assuming insurers is not required to post collateral
- 38       for the following catastrophe recoverables for one (1) year after the date

- 1 of the first liability reserve entry by a ceding company resulting from
- 2 a loss from a defined catastrophe recognized by the commissioner:
- 3 (1) Fire:
- 4 (2) Allied lines:
- 5 (3) Farmowners multiple peril:
- 6 (4) Homeowners multiple peril:
- 7 (5) Commercial multiple peril:
- 8 (6) Inland marine:
- 9 (7) Earthquake:
- 10 (8) Motor vehicle physical damage:

11 (f) The commissioner may, in lieu of granting full credit under this  
 12 section and subject to subsection (g), reduce the amount:

- 13 (1) required to be held in trust under section 11 of this chapter; or
- 14 (2) of security required to be held under section 14 of this chapter:

15 (g) The commissioner may, under subsection (f), reduce the amount  
 16 of required collateral only if the amount of required collateral  
 17 remaining is not less than the amount specified in the required collateral  
 18 column in the following table, based on the financial strength rating that  
 19 is lowest in the table and applies to the assuming insurer or group of  
 20 assuming insurers:

21 Required	22 Financial Strength Ratings			
23 Collateral	A.M. Best	Standard	Moody's	Fitch
		24 and Poor's		25 Ratings
26 0%	A++	AAA	Aaa	AAA
27 10%	A+	AA+, AA, Aa1, Aa2, AA-	Aa3	AA+, AA, AA-
28 20%	A, A-	A+, A, A-	A1, A2, A3	A+, A, A-
29 75%	B++, B+	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-
30 100%	B, B-, C++, C+, C, C-, D, E, F	BB+, BB, BB-, B+, B, B-, CCC, CC, C, D, R	Ba1, Ba2, Ba3, B1, B2, B3, Caa, Ca, C	BB+, BB, BB-, B+, B, B-, CCC+, CC, CCC-, DD".

36 Page 68, between lines 34 and 35, begin a new paragraph and  
 37 insert:

38 "SECTION 41. IC 27-10-3-7, AS AMENDED BY P.L.102-2005,

1 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
2 JULY 1, 2012]: Sec. 7. (a) A renewal license shall be issued by the  
3 commissioner to a licensee who:

- 4 (1) has continuously maintained a license in effect;
- 5 (2) pays a renewal fee of:
  - 6 (A) six hundred ~~fifty~~ dollars (~~\$650~~) (**\$600**) for bail agents;
  - 7 and
  - 8 (B) three hundred dollars (\$300) for recovery agents;
- 9 (3) has fulfilled the continuing education requirement as  
10 required under subsection (b);
- 11 (4) satisfactorily completes a renewal examination if required  
12 by the commissioner; and
- 13 (5) has in all other respects complied with and been subject to  
14 this article.

15 (b) A licensee shall complete at least six (6) hours of continuing  
16 education courses that:

- 17 (1) are approved under section 7.1 of this chapter; and
- 18 (2) apply to the licensee's particular license, including  
19 instruction in the laws that relate to the conduct of a bail agent  
20 or recovery agent;

21 during each license period. A continuing education course that is used  
22 to fulfill the continuing education requirements for an insurance  
23 producer license under IC 27-1-15.7 may not be used to satisfy the  
24 continuing education requirement set forth in this section.

25 (c) After the receipt of the licensee's application for renewal, the  
26 current license continues in effect until the renewal license is issued,  
27 suspended, or denied for cause.

28 SECTION 42. IC 27-10-3-7.1, AS AMENDED BY P.L.86-2011,  
29 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
30 JULY 1, 2012]: Sec. 7.1. (a) A provider of courses required for  
31 licensure under sections 3 and 5 of this chapter or license renewal under  
32 section 7 of this chapter:

- 33 (1) shall obtain from the commissioner approval of the  
34 courses and instructors before the courses are conducted;
- 35 (2) shall annually pay to the commissioner a reasonable fee,  
36 as determined by the commissioner;
- 37 (3) must have been:
  - 38 (A) a full-time resident of Indiana and

- 1           ~~(B)~~ licensed as a bail agent under this chapter
- 2           for at least five (5) of the immediately preceding ten (10)
- 3           years; **or**
- 4           **(B) a bail agent association operating in Indiana and**
- 5           **approved by the commissioner; and**
- 6           (4) shall comply with any other requirements established by
- 7           the commissioner.

8           However, the commissioner may waive the **full-time residency**  
 9           requirement specified in subdivision (3)(A).

10          (b) A provider described in subsection (a) may charge a  
 11          reasonable fee for attendance at an approved course.

- 12          (c) A fee paid under subsection (a)(2) must be:
  - 13               (1) deposited in the bail bond enforcement and administration
  - 14               fund created under IC 27-10-5-1; and
  - 15               (2) used to implement this article.

- 16          (d) The commissioner shall:
  - 17               (1) establish criteria for approval or disapproval of instructors
  - 18               and courses required for:
    - 19                   (A) licensure under sections 3 and 5 of this chapter; and
    - 20                   (B) license renewal under section 7 of this chapter; and
  - 21               (2) approve or disapprove instructors and courses specified in
  - 22               subdivision (1);

23          that pertain to the duties and responsibilities of a bail agent and  
 24          recovery agent, including instruction concerning the laws that relate to  
 25          the conduct of a bail agent and recovery agent."

26          Page 70, line 7, delete "IC 32-30-2-106.3" and insert "IC  
 27          34-30-2-106.3".

28          Page 70, after line 12, begin a new paragraph and insert:

29          "SECTION 45. [EFFECTIVE JULY 1, 2012] **(a)**  
 30          **Notwithstanding IC 27-1-23, as amended by this act, the filing of an**  
 31          **enterprise risk report under IC 27-1-23, as amended by this act, is**  
 32          **not required until the first date after June 30, 2013, on which the**  
 33          **filing is required by the insurance commissioner.**

34          **(b) This SECTION expires January 1, 2015.**

35          SECTION 46. [EFFECTIVE JULY 1, 2012] **(a) IC 27-6-10, as**  
 36          **amended by this act, applies to a cession, by a ceding insurer to an**  
 37          **assuming insurer, that occurs:**

- 38               (1) after June 30, 2012; and

- 1                   **(2) under a reinsurance agreement that has an inception,**
- 2                   **renewal, or anniversary date after December 31, 2012.**
- 3                   **(b) This SECTION expires January 1, 2015."**
- 4                   Renumber all SECTIONS consecutively.  
                      (Reference is to HB 1226 as introduced.)

**and when so amended that said bill do pass.**

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Representative Lehman