January 18, 2012

SENATE BILL No. 111

DIGEST OF SB 111 (Updated January 12, 2012 10:46 am - DI 110)

Citations Affected: IC 27-1.

Synopsis: Group personal excess and umbrella insurance. Specifies requirements for insurer issuance of group personal excess and umbrella liability insurance to group members.

Effective: July 1, 2012.

Holdman

January 4, 2012, read first time and referred to Committee on Insurance and Financial Institutions.
January 17, 2012, reported favorably — Do Pass.

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January 18, 2012

Second Regular Session 117th General Assembly (2012)

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

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

Conflict reconciliation: Text in a statute in *this style type* or ~~*this style type*~~ reconciles conflicts between statutes enacted by the 2011 Regular Session of the General Assembly.

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SENATE BILL No. 111

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

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

SECTION 1. IC 27-1-41 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2012]:

Chapter 41. Group Personal Excess or Umbrella Liability Insurance

Sec. 1. As used in this chapter, "certificate" means a document issued to an individual group member as evidence of the group member's coverage under a master group insurance policy.

Sec. 2. As used in this chapter, "group" means the following:

(1) The membership of any of the following:

(A) A trade association.

(B) A professional association.

(C) A labor union.

(D) An employee association.

(E) A club.

(F) A league.

(G) A fraternity.

(H) A guild.
(I) Another organization.
(2) The employees of any of the following:
(A) An employer.
(B) Two (2) or more employers.

Sec. 3. As used in this chapter, "group administrator" means the officers or directors of a group or any other person legally vested with the responsibility to manage the affairs of a group. In the case of a group that consists of employees of a single employer, the employer is considered to be the group administrator.

Sec. 4. As used in this chapter, "group insurance policy" means a policy of insurance that provides personal excess liability insurance or personal umbrella liability insurance to participating group members under one (1) master policy:
(1) that is issued to the group administrator; and
(2) under which individual certificates are issued to each participating group member.

Sec. 5. An insurer that is:
(1) authorized under IC 27-1-3-20 to engage in the business of insurance in Indiana; or
(2) doing business with an insurance producer that is licensed under IC 27-1-15.8;
may issue a group insurance policy in Indiana.

Sec. 6. (a) A group described in section 2(1) of this chapter must meet the following requirements to be eligible to purchase coverage under a group insurance policy:
(1) The group consists of at least ten (10) individuals who are members.
(2) The group has been in existence for at least two (2) years.
(3) The group was formed for a purpose other than the purchase of insurance.

(b) A group described in section 2(2) of this chapter may include each of the following as a group member:
(1) An employee of a subsidiary or an affiliate of the employer.
(2) A retired employee of the employer.
(3) An individual business owner or proprietor who is the employer.
(4) A partner of a partnership that is the employer.
(5) A director or retired director of the employer.
(6) A former employee, owner, proprietor, partner, or director who purchased coverage under a group insurance

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policy before leaving the position.

(7) A spouse, child, or household resident of any individual described in subdivisions (1) through (6).

(c) A group is not eligible to purchase, and an insurer shall not provide to the group, coverage under a group insurance policy if:

(1) the purchase of insurance is a condition of membership in the group; or

(2) a group member is penalized by the group as a result of the group member refusing coverage under a group insurance policy.

Sec. 7. An insurer may apply to a group insurance policy a lower rate than the rate shown in the insurer's manual for insurance policies that are:

(1) of the same type as the group insurance policy; and

(2) individually issued to insureds of the same class as the group members insured under the group insurance policy.

Sec. 8. (a) A group administrator may, if authorized by the insurer, aggregate the group members' premiums and remit the premiums to the insurer or insurance producer.

(b) If an insurer authorizes payment of premiums as described in subsection (a), payment of a premium by a group member to the group administrator is considered to be payment to the insurer.

(c) An employer or group administrator of a group described in section 2(2) of this chapter may remit premiums to an insurer through an employee benefit plan.

Sec. 9. (a) A certificate that is issued under a group insurance policy to an individual participating group member must include the following information:

(1) The full name and address of the insurer.

(2) The policy number of the master policy.

(3) The full name, address, and telephone number of the group administrator that holds the master policy.

(4) A description of the coverage provided under the certificate, including the amount and term of the coverage.

(5) The amount of premium charged to the individual participating group member for the coverage.

(6) Coverage limits that specifically apply under the individual participating group member's certificate.

(7) Unless:

(A) the master policy is incorporated by reference in the certificate; and

(B) a copy of the master policy accompanies the certificate;

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all material terms and conditions of coverage under the certificate.

(b) An insurer shall provide to each individual participating group member separate notice that provides instructions on claim submission procedures.

(c) An insurer or group administrator shall deliver to each individual participating group member a certificate, an amended certificate, or an endorsement to a certificate if any of the following occurs:

(1) A change in coverage limits.

(2) A change in the type of coverage provided.

(3) An addition to, reduction in, or elimination of coverage provided.

(4) An addition of an exclusion of coverage.

Sec. 10. (a) An insurer may cancel or refuse to renew an individual certificate while maintaining in force the master policy and other individual certificates issued under the master policy.

(b) An insurer that cancels or refuses to renew a master policy shall, within a period determined by the commissioner, provide:

(1) to the group administrator; and

(2) to each individual participating group member;

written notice of the cancellation or refusal to renew.

Sec. 11. The department may adopt rules under IC 4-22-2 to implement this chapter.

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COMMITTEE REPORT

Madam President: The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 111, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 111 as introduced.)

PAUL, Chairperson

Committee Vote: Yeas 9, Nays 0.

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