

IC 27-7

**ARTICLE 7. SPECIAL TYPES OF INSURANCE**

IC 27-7-1

Chapter 1. Lloyds Insurance

IC 27-7-1-1

**Participating underwriters; certificate of authority; application**

Sec. 1. No persons, partnerships or corporations shall engage in the business of such insurance as is herein specified as "Lloyds" unless twenty-five (25) or more persons, partnerships or corporations, a majority of whom shall be bona fide residents of the state of Indiana shall have a certificate of authority from the auditor of state (commissioner of insurance) so to do. The application for such certificate of authority shall be signed by the attorney or attorneys in fact of those persons desiring such certificate, and must be accompanied by a declaration which must set forth the following provisions:

1. The name under which the business is to be conducted, which name shall contain the word "Lloyds," and shall not be similar to that of any existing Lloyds association or corporation in this state, as, in the opinion of the auditor of state, is calculated to deceive or mislead.

2. The exact location of the principal office in which the business is to be conducted, which office must be in the state of Indiana.

3. The kind of insurance intended to be written, which shall be only as hereinafter stated.

4. An exact copy of the articles of association or copartnership agreement, made by and between such underwriters.

5. Name, address and amount subscribed by each of the underwriters so proposing to engage in said business.

6. The designation or appointment of one (1) or more attorneys in fact, who shall have residence in Indiana, with full name and address, upon any one of whom summons or consent legal process can be served.

7. That amounts subscribed by said underwriters have been paid as follows: Not less than twenty-five per cent (25%) of said subscriptions in cash, not more than fifty percent (50%) of said subscription secured by collateral note (payable on thirty (30) days' demand) duly approved by a committee selected by the subscribers to pass thereon, and not over twenty-five per cent (25%) of said subscription evidenced by subscriber's individual note.

8. That the total of said subscription shall not be less than two hundred and fifty thousand dollars (\$250,000), and that at least twenty-five per cent (25%) thereof has been paid in cash.

*(Formerly: Acts 1919, c.177, s.1.)*

IC 27-7-1-2

**Policies; filing; contents; special provisions**

Sec. 2. There shall be filed with the auditor of state a copy of each

form of policy by it issued. Said policies shall show the name and address, as well as the amount of the subscription of each subscriber, and shall be signed by the attorneys in fact, and they shall contain the following special provisions:

First: Whenever, under the terms of this policy, notice or consent is required to be given to or by the company, notice or consent given to or by the attorney or attorneys in fact shall be sufficient compliance therewith, and each underwriter hereon shall be bound thereby, the same as though notice or consent had been given to or by each of such underwriters individually.

Second: In no event, shall the liability of any underwriter exceed the sum underwritten by him or them hereon, and, in no event, shall any underwriter be liable for any part of the sum underwritten hereon by any other underwriter.

Third: The insured agrees by the acceptance of this policy that no underwriter hereon shall, in any event, be liable for claims exceeding, in the aggregate, on all policies, certificates or contracts issued on his or their behalf, in the name of this Lloyds for an amount in excess of the unpaid portion, if any, of his or their original subscription or contribution to said Lloyds, as indorsed hereon.

Fourth: In case of action brought to enforce the provisions of this policy, same shall be brought against the attorney or attorneys in fact for the underwriters, as representing all of the said underwriters, and each of the underwriters hereto hereby agrees to abide by the final results of any suit so brought as fixing the proportionate amount of his or their individual liability.

Fifth: This policy is made and accepted subject to all the stipulations and conditions contained therein, together with such other provisions, agreements or conditions as may be indorsed hereon, or added hereto, and as to such provisions and conditions, no officer, agent or representative shall have such power or be deemed or held to have waived such provisions or conditions unless such waiver, if any, shall be indorsed upon or attached hereto, nor shall any privilege or permission affecting the insurance under this policy exist or be claimed by the assured unless so indorsed or attached.

*(Formerly: Acts 1919, c.177, s.2.)*

### **IC 27-7-1-3**

#### **Additional underwriters**

Sec. 3. After any Lloyds is authorized to do business in this state pursuant to this law, it may be joined by other and additional underwriters, but, in that event, such underwriters who may thereafter join such authorized Lloyds shall be held to be bound by the documents on file with the auditor of state concerning such Lloyds.

*(Formerly: Acts 1919, c.177, s.3.)*

### **IC 27-7-1-4**

#### **Examination; issuance of certificate of authority**

Sec. 4. After such documents specified shall have been filed, the

auditor of state shall cause an examination of such Lloyds to be made, and after he has specified that all of the facts alleged in the declaration are true, and that the articles of association or copartnership agreement is of such character that the rights of the policyholders will be protected thereunder, he shall issue, or cause to be issued, a certificate of authority to such Lloyds to do such business as is specified in the declaration, which certificate shall be issued to such Lloyds under the name designated and approved, authorizing the underwriters thereof to do the business permitted through its attorney or attorneys in fact.

*(Formerly: Acts 1919, c.177, s.4.)*

#### **IC 27-7-1-5**

##### **Investments**

Sec. 5. Any such Lloyds as may be thus authorized to do business in this state shall not invest its funds except in accordance with the laws of this state relative to the investment of the funds of domestic stock insurance companies doing a similar business, except in such securities as may be held by said Lloyds as a guaranty for the payment of any subscription.

*(Formerly: Acts 1919, c.177, s.5.)*

#### **IC 27-7-1-6**

##### **Unearned premium reserve**

Sec. 6. Such Lloyds shall maintain the same unearned premium reserve as is required of all domestic stock companies writing a like business.

*(Formerly: Acts 1919, c.177, s.6.)*

#### **IC 27-7-1-7**

##### **Insurance authorized under Lloyds plan; deposits; additional deposits; withdrawal of deposits**

Sec. 7. The following insurance shall be authorized and permitted to be written by Lloyds under this chapter:

(1) For the purpose of making insurance on dwelling-houses, stores and all kinds of buildings and household furniture, and other property against loss or damage, including loss of use or occupancy, by fire, lightning, windstorm, tornado, cyclone, earthquake, hail, frost or snow, bombardment, invasion, insurrection, riots or civil war or commotion, military or usurped power, and by explosion, whether fire ensues or not, except explosions on risks specified in this section, and also against loss or damage by water to any goods or premises arising from the breakage or leakage of sprinklers, pumps, or other apparatuses erected for extinguishing fires, and of water pipes, and against accidental injury to such sprinklers, pumps, or other apparatuses, and upon vessels, boats, cargoes, goods, merchandise, freight, and other property against loss or damage by all or any of the risks of lake, river, canal, and inland navigation and transportation, as well as by any or all of the

risks of credit and upon automobiles, whether stationary or being operated under their power, which shall include all or any of the hazards of fire, explosions, transportation, collision, loss by legal liability for damage to property and to persons resulting from the maintenance and use of automobiles and loss by burglary or theft or both.

(2) For the purpose of making insurance upon vessels, freights, goods, wares, merchandise, specie, bullion, jewels, profits, commissions, bank notes, bills of exchange and other evidence of debt, bottomry and respondentia interests, and every insurance appertaining to or connected with marine risks and risks of transportation and navigation, including the risks of lake, river, canal, and inland transportation and navigation, and to effect reinsurance on any risk of the subscribers hereto, or any of said risks wholly or in part, or the transfer thereof, and to accept any authorized risk whether direct or by reinsurance.

(3) For the purpose of making insurance against loss or damage resulting from accident to or injury sustained by an employee or other person for which accident or injury the insured is liable.

Provided, that no such insurance shall be written by any Lloyds under this chapter until such Lloyds shall have deposited with the department of insurance of the state of Indiana the sum of twenty-five thousand dollars (\$25,000) in the direct or indirect obligations of the United States or of any state of the United States. In the event the total of all unsatisfied and unappealed from final awards made by the worker's compensation board under IC 22-3-2 through IC 22-3-6 against any Lloyds having made the above deposit shall exceed the amount of the above said deposit, then the department of insurance may require such Lloyds to make an additional deposit or deposits in cash in direct or indirect obligations of the United States or of any state of the United States in a sum equal to the difference between the amount of the unsatisfied final awards and the amount of the deposit with the department of insurance. The department of insurance is hereby authorized and directed to receive such deposit or deposits and to hold them exclusively for the protection of the holders of such insurance policies. Any deposit so made shall not be withdrawn except upon filing with the department of insurance evidence satisfactory to it that such Lloyds has no unsecured liability outstanding in this state upon any such insurance policy, and upon the approval of the department of insurance such Lloyds may withdraw such deposit, except that the above mentioned additional deposit may be withdrawn with the approval of the department of insurance upon filing satisfactory evidence that the total of all unsatisfied and unappealed from final awards made by the worker's compensation board do not exceed the amount of twenty-five thousand dollars (\$25,000).

*(Formerly: Acts 1919, c.177, s.7; Acts 1937, c.143, s.1.) As amended by P.L.252-1985, SEC.224; P.L.28-1988, SEC.85.*

### **IC 27-7-1-8**

#### **Supervision and control**

Sec. 8. The auditor of state shall have the same supervision and control over Lloyds as he has over stock insurance companies incorporated under the laws of Indiana.

*(Formerly: Acts 1919, c.177, s.8.)*

### **IC 27-7-1-9**

#### **Foreign Lloyds association; certificate of authority; application; unearned premium reserve**

Sec. 9. The insurance commissioner may, in his discretion, issue a certificate of authority to a Lloyds domiciled in another state to do business in this state, for permission to do which application is made as may be authorized by the articles of association or copartnership agreement under which said Lloyds is operated, provided, however, that in no event shall authority be given to any such Lloyds to do any kind of insurance business other than those specified in section 7 of this chapter. The application for such certificate shall specify the kind of business such Lloyds desires the authority to transact in this state. It must be signed by the attorney or attorneys in fact for such Lloyds, and must file with the auditor of state a certificate from the insurance department of its home state that it has and maintains at all times an unearned premium reserve as is required of stock companies of said state, and that the total subscription of its subscribers shall not be less than two hundred and fifty thousand dollars (\$250,000), and that at least twenty-five percent (25%) thereof is paid in cash.

*(Formerly: Acts 1919, c.177, s.9.) As amended by P.L.252-1985, SEC.225.*

### **IC 27-7-1-10**

#### **Foreign Lloyds association; documents required; appointment of attorney for service of process**

Sec. 10. A true copy of the articles of association or copartnership agreement, power of attorney, and a copy of each form of policy by it issued, verified by the attorney or attorneys in fact, shall be filed with the auditor of state, as well as a copy of the last report filed with the insurance department of its home state, and also a declaration and agreement, duly executed and acknowledged by the attorneys in fact of said Lloyds, appointing the auditor of state as a true and lawful attorney for such Lloyds and the underwriters thereof in and for this state, upon whom all legal process in any action or proceedings against said Lloyds or the underwriters thereof may be served, and that any service upon him shall be equivalent to the personal service within the state of such persons of each and every such underwriter.

*(Formerly: Acts 1919, c.177, s.10.)*

### **IC 27-7-1-11**

#### **Revocation of certificate of authority; grounds**

Sec. 11. The certificate of authority of any such Lloyds, whether domestic or foreign, shall be revoked by the insurance commissioner

if at any time it appears that any underwriters are issuing policies of insurance within the state under apparent authority of such certificate without filing such declaration and agreement as aforesaid, or if such Lloyds does not maintain at all times the funds specified in this chapter, or has violated its agreement or the law, or is found to be in such a condition that the further transaction of business by it will be hazardous to the policyholders, its creditors, or the public.

*(Formerly: Acts 1919, c.177, s.11.) As amended by P.L.252-1985, SEC.226.*

#### **IC 27-7-1-12**

##### **Taxation**

Sec. 12. In lieu of all other taxes, licenses and fees, state or local, such Lloyds shall pay annually, on account of the transaction of such business in this state, the same taxes, licenses and fees as are required to be paid by mutual companies with principal offices similarly located and transacting the same kind of business. In the application of the retaliatory law, the taxes and fees exacted by another state from a Lloyds insurance with principal offices in Indiana shall apply.

*(Formerly: Acts 1919, c.177, s.12.)*