



Journal of the House

State of Indiana

111th General Assembly

Second Regular Session

Third Meeting Day

Thursday Morning

November 18, 1999

The House convened at 9:00 a.m. with the Speaker in the Chair.

The invocation was offered by Representative Dennis K. Kruse.

The Pledge of Allegiance to the Flag was led by Representative Benjamin E. GiaQuinta.

The Speaker ordered the roll of the House to be called:

T. Adams	Kromkowski
Alderman	Kruse
Atterholt	Kruzan
Avery	Kuzman
Ayres	Lawson
Bailey	Leuck
Bardon	Liggett
Bauer	Linder
Becker	J. Lutz
Behning	Lytle
Bischoff	Mahern
Bodiker	Mangus
Bosma	Mannweiler
Bottorff	McClain
C. Brown	Mellinger
T. Brown	Mock
Buck	Moses
Budak •	Munson
Buell	Murphy
Burton	Oxley
Cheney	Pelath
Cherry	Pond
Cochran	Porter
Cook	Richardson
Crawford	Ripley
Crooks	Robertson •
Crosby	Ruppel
Day	Saunders
Denbo	Scholer
Dickinson	M. Smith
Dillon	V. Smith
Dobis	Steele
Dumezich	Stevenson
Duncan	Stilwell
Dvorak	Sturtz
Espich	Summers
Foley	Thompson
Frenz	Tincher
Friend	Torr
Frizzell	Turner
Fry	Ulmer
GiaQuinta	Villalpando
Goegelein	Weinzapfel
Grubb	Welch
Harris	Whetstone
Hasler	Wolkins
Herrell	D. Young
Hoffman	M. Young
Kersey	Yount
Klinker	Mr. Speaker

Roll Call 4: 98 present; 2 excused. The Speaker announced a quorum in attendance. [NOTE: • indicates those who were excused.]

HOUSE MOTION

Mr. Speaker: I move that we dispense with the reading of the Journal.

MAHERN

Motion prevailed.

HOUSE MOTION

Mr. Speaker: I move that when we do adjourn, we adjourn until Monday, November 22, 1999 at 1:30 p.m.

BODIKER

Motion prevailed.

ENGROSSED HOUSE BILLS ON THIRD READING

Engrossed House Bill 1001

Representative Bauer called down Engrossed House Bill 1001 for third reading:

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

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 5: yeas 98, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Mills and Hume.

Engrossed House Bill 1002

Representative Leuck called down Engrossed House Bill 1002 for third reading:

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

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 6: yeas 95, nays 3. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Skillman and Simpson.

Engrossed House Bill 1003

Representative Bodiker called down Engrossed House Bill 1003 for third reading:

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

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass? Representatives Bauer and Speaker Gregg were excused from voting.

Roll Call 7: yeas 96, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Kenley and Blade.

Engrossed House Bill 1004

Representative V. Smith called down Engrossed House Bill 1004 for third reading:

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

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 8: yeas 75, nays 23. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill. Senate sponsors: Senators Miller and Rogers.

RESOLUTIONS ON FIRST READING**House Concurrent Resolution 1**

Representative Yount introduced House Concurrent Resolution 1:

A CONCURRENT RESOLUTION honoring Betty Essex for her many years of government service to the people of Bartholomew County.

Whereas, Betty Essex has assembled an impressive record of government service for over 20 years;

Whereas, Betty will be retiring as Bartholomew County Clerk on December 31, 1999;

Whereas, Beginning in 1974, Betty began her long and distinguished career in county government with her election as Bartholomew County Clerk;

Whereas, Betty is currently serving her 4th term as Bartholomew County Clerk;

Whereas, She was the recipient of the "Outstanding Achievement Award" from the State Election Board in 1993;

Whereas, Betty has also served on the Columbus City Council;

Whereas, She was selected as Town Manager for Edinburgh where she worked for 4 years;

Whereas, Betty is one of those civic leaders who is known for her fairness, loyalty and leadership;

Whereas, Betty's approach to service has earned her the respect of both Democrats and Republicans;

Whereas, Betty has served as the hostess for the annual Christmas dinner recognizing the Bartholomew County Bar Association, its support staff, courthouse employees, and other colleagues involved in both city and county government; and

Whereas, Betty is a devoted mother and wife as well as an active member of the North Christian Church: Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana, the Senate concurring:

SECTION 1. The Indiana General Assembly congratulates Betty Essex for her many years of government service to the people of Bartholomew County.

SECTION 2. The Principal Clerk of the House of Representatives is directed to transmit a copy of this resolution to Betty Essex.

The resolution was read a first time and adopted by voice vote. The Clerk was directed to inform the Senate of the passage of the resolution. Senate sponsor: Senator Garton.

House Resolution 2

Representatives Duncan and Bischoff introduced House Resolution 2:

A HOUSE RESOLUTION honoring Viola Bruns for her many years of community involvement and leadership in the Town of Sunman.

Whereas, Viola Bruns has been a lifelong active member of the Sunman Community for over 50 years;

Whereas, Viola is a graduate of Sunman High School;

Whereas, Viola is a dedicated member of the Sunman Community Church where she has been active in the Sunday school and numerous church committees;

Whereas, Viola has been active in several civic groups, including the Food Pantry committee, St. Paul Church Cemetery Association and Sunman Area Life Squad;

Whereas, Viola has been an active supporter and member of the Sunman Rural Fire Department since her youth;

Whereas, Viola was honored as the recipient of the Lois Boaz Award, the highest honor presented to a member of the Rural Fire Department Auxiliary, for her longtime and beneficial support of the Indiana Volunteer Fire Association;

Whereas, Viola has been a Sunman Rural Fire Department Auxiliary Member, where she has served as hostess for district meetings and held numerous positions within the organization;

Whereas, Viola has served as President of Sunman Rural Fire Department Auxiliary;

Whereas, Viola is a dedicated civic servant who served on the Sunman Town Election Board;

Whereas, Viola has celebrated 50 years of marriage with her husband, Carl, in which they have been blessed with two sons, Byron and Mark, four grandchildren and one great-grandchild; and

Whereas, The Town of Sunman wishes to honor Viola Bruns for her many years of leadership, hard work and service to the community: Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana:

SECTION 1. The Indiana House of Representatives congratulates Viola Bruns for her many years of service and involvement with the Town of Sunman.

SECTION 2. The Principal Clerk of the House of Representatives is directed to transmit a copy of this resolution to Viola Bruns.

The resolution was read a first time and adopted by voice vote.

House Resolution 3

Representatives Duncan and Bischoff introduced House Resolution 3:

A HOUSE RESOLUTION honoring Carl Bruns for his many years of leadership, hard work and service to the Town of Sunman and Ripley County.

Whereas, Carl Bruns has been a lifelong active member of the Sunman Community for over 50 years;

Whereas, Carl as a graduate of Sunman High School, has participated in local athletics by coaching Little League, helping the high school as a scorekeeper, and serving as an IHSAA official;

Whereas, Carl is an active member of the Sunman Community Church;

Whereas, Carl has served as an usher, Sunday school teacher, President of the Board of Trustees and current Finance Committee Chairman for the Sunman Community Church;

Whereas, Carl has been a member of the Sunman Rural Fire Department for 50 years, during which time he has held numerous offices within the organization;

Whereas, Carl was named Chief of the Sunman Rural Fire Department from 1972 to 1995;

Whereas, Carl was a District Chairman and State Vice President and President of the Indiana Volunteer Fire Association;

Whereas, Carl was honored as Mr. Indiana Volunteer Fire Association;

Whereas, Carl promotes public safety for his community by serving as a member of the 911 committee, which encompasses a three county area;

Whereas, Carl is a dedicated public servant who was elected to the Ripley County Council;

Whereas, Carl was honored with the State of Indiana's highest award, the Sagamore of the Wabash, in 1985;

Whereas, Carl has celebrated 50 years of marriage with his wife, Viola, in which they have been blessed with two sons, Byron and Mark, four grandchildren and one great-grandchild; and

Whereas, The Town of Sunman wishes to honor Carl Bruns for his many years of leadership, hard work and service to the community: Therefore,

Be it resolved by the House of Representatives of the General Assembly of the State of Indiana:

SECTION 1. The Indiana House of Representatives congratulates Carl Bruns for his many years of leadership, hard work and service to the community.

SECTION 2. The Principal Clerk of the House of Representatives is directed to transmit a copy of this resolution to Carl Bruns.

The resolution was read a first time and adopted by voice vote.

OTHER BUSINESS ON THE SPEAKER'S TABLE

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed Engrossed Senate Bills 1, 8, 9, 10, 13, and 14 and the same are herewith transmitted to the House for further action.

CAROLYN J. TINKLE
Secretary of the Senate

MESSAGE FROM THE SENATE

Mr. Speaker: I am directed by the Senate to inform the House that the Senate has passed Engrossed Senate Bill 33 and the same is herewith transmitted to the House for further action.

CAROLYN J. TINKLE
Secretary of the Senate

INTRODUCTION OF BILLS

The following bills were read a first time by title and referred to the respective committees:

SB 1 — Kuzman, Thompson, Tincher, Foley (Rules and Legislative Procedures)

A BILL FOR AN ACT to amend the Indiana Code concerning criminal law and procedure.

SB 8 — Bauer, Espich (Rules and Legislative Procedures)

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

SB 9 — Bauer, Espich (Ways and Means)

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

SB 10 — Bodiker, Yount, Avery, Burton (Rules and Legislative Procedures)

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

SB 13 — V. Smith, Becker, Frizzell (Rules and Legislative Procedures)

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

SB 14 — Leuck, Summers, Wolkins (Rules and Legislative Procedures)

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

SB 33 — Fry, M. Smith, Mannweiler, Porter, Atterholt, Behning, Bosma, Buell, Crawford, Day, Dickinson, Frizzell, Klinker, Mahern, Murphy, Scholer, Summers, Torr, M. Young (Rules and Legislative Procedures)

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

RULES SUSPENSION

HOUSE MOTION

Mr. Speaker: I move that the applicable rules of the House be suspended with respect to Senate Bills 1, 8, 9, 14, and 33 so that said bills may be heard in committee on this date and the committee reports on said bills may be considered by the House on this date.

KRUZAN

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

OTHER BUSINESS ON THE SPEAKER'S TABLE

Pursuant to House Rule 60, committee meetings were announced.

The House recessed until the fall of the gavel.

RECESS

The House reconvened at 3:00 p.m. with the Speaker in the Chair.

REPORTS FROM COMMITTEES

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 1, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 8, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 10, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Engrossed Senate Bill 9, 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:

Page 7, between lines 17 and 18, begin a new paragraph and insert: "SECTION 7. IC 21-3-1.6-3.3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: **Sec. 3.3. (a) The additional count for each pupil participating in a program is set out in the following table. The additional count of the school corporation for any category is the aggregate additional counts of its eligible pupils in that category enrolled in the school corporation.**

TABLE

VOCATIONAL PROGRAMS:	Additional Count
Agriculture A (½ day)	0.38
Agriculture B (1 period per day)	0.19
Distributive education	0.33
Health occupations (laboratory)	0.33
Consumer and homemaking (1 period per day)	0.14
Occupational home economics (laboratory)	0.33
Business education (laboratory)	0.33
Industrial education A (½ day)	0.48

Industrial education B (2 periods per day)	0.33
Cooperative education (all areas) Area school participation (in addition to the above)	0.28 0.09

(b) Participation does not require participation to the extent of full-time equivalency. The Indiana state board of education shall adopt rules further defining the nature and extent of participation and the type of program qualifying for application of the table in subsection (a). No additional count shall be made on any program set out in the table that has not been approved by the Indiana state board of education or where the student is not participating to the extent required by any rule of the board.

(c) This section expires January 1, 2002.

SECTION 8. IC 21-3-1.6-3.4 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3.4. (a) The additional count for each pupil participating in technology preparation programs is set out below. The additional count of the school corporation for this category is the aggregate additional counts of its eligible pupils in this category enrolled in the school corporation.

TECHNOLOGY PREPARATION PROGRAMS 0.33

(b) Participation does not require participation to the extent of full-time equivalency. The Indiana state board of education shall adopt rules further defining the nature and extent of participation and the type of program qualifying for application of subsection (a). No additional count shall be made on any program set out in subsection (a) that has not been approved by the Indiana state board of education or where the student is not participating to the extent required by any rule of the board.

(c) For purposes of IC 21-3-1.8-3, "additional pupil count" of a school corporation or comparable language includes the aggregate of the additional counts of the school corporation for pupils as set out under subsection (a).

(d) This section expires January 1, 2002."

Page 9, between lines 13 and 14, begin a new paragraph and insert: "SECTION 11. IC 21-3-1.8-3, AS AMENDED BY P.L.273-1999, SECTION 143, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2001]: Sec. 3. In addition to the amount a school corporation is entitled to receive in tuition support, each school corporation is entitled to receive a grant for vocational education programs. The amount of the vocational education grant is the product of:

- (1) the school corporation's additional pupil count for the year for vocational education programs; multiplied by
- (2) for 2000, one thousand six hundred thirty-eight dollars (\$1,638) and for 2001, one thousand six hundred eighty dollars (\$1,680)."

Page 9, between lines 34 and 35, begin a new paragraph and insert: "(b) Before April 1 of each year, the department of workforce development shall provide the department of education with a report listing whether the Indiana average wage level for each generally recognized labor category is a high wage, a moderate wage, or a low wage."

Page 9, line 35, strike "(b)" and insert "(c)".

Page 9, between lines 38 and 39, begin a new paragraph and insert: "SECTION 13. IC 21-3-12-10, AS ADDED BY P.L.273-1999, SECTION 146, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2002]: Sec. 10. The amount of the vocational education grant for 2001-2002 is the sum of the following amounts:

STEP ONE: The number of pupils described in section 5 of this chapter (certificates of achievement) multiplied by five hundred fifty dollars (\$550).

STEP TWO: The number of pupils described in section 6 of this chapter (more than a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as high wage, multiplied by one thousand dollars (\$1,000).

STEP THREE: The number of pupils described in section 6 of this chapter (more than a moderate labor market need) who are in programs addressing employment demand in job categories

listed under section 2(b) of this chapter as moderate wage, multiplied by seven hundred fifty dollars (\$750).

STEP FOUR: The number of pupils described in section 6 of this chapter (more than a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as low wage, multiplied by six hundred dollars (\$600).

STEP THREE: FIVE: The number of pupils described in section 7 of this chapter (a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as high wage, multiplied by seven hundred fifty dollars (~~\$700~~): (\$750).

STEP SIX: The number of pupils described in section 7 of this chapter (a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as moderate wage, multiplied by six hundred dollars (\$600).

STEP SEVEN: The number of pupils described in section 7 of this chapter (a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as low wage, multiplied by four hundred fifty dollars (\$450).

STEP FOUR: EIGHT: The number of pupils described in section 8 of this chapter (less than a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as high wage, multiplied by ~~three six~~ hundred dollars (~~\$300~~): (\$600).

STEP NINE: The number of pupils described in section 8 of this chapter (less than a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as moderate wage, multiplied by four hundred fifty dollars (\$450).

STEP TEN: The number of pupils described in section 8 of this chapter (less than a moderate labor market need) who are in programs addressing employment demand in job categories listed under section 2(b) of this chapter as low wage, multiplied by three hundred dollars (\$300).

STEP FIVE: ELEVEN: The number of pupils described in section 9 of this chapter (all other programs) multiplied by ~~two three~~ hundred ~~thirty~~ dollars (~~\$230~~): (\$300).

Of the above allocation in STEPS TWO through FIVE, ELEVEN, twenty dollars (\$20) per pupil is to be used for area coordination.

SECTION 14. IC 21-3-1.8-3 IS REPEALED [EFFECTIVE JANUARY 1, 2002].

SECTION 15. [EFFECTIVE JANUARY 1, 2001] P.L.273-1999, SECTION 147, IS AMENDED TO READ AS FOLLOWS: SECTION 147. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2001]: IC 21-2-12-3.1; IC 21-3-1.6-3; IC 21-3-1.6-3.2. ~~IC 21-3-1.8-3~~.

SECTION 16. [EFFECTIVE JANUARY 1, 2001] ~~Notwithstanding the effective date of January 1, 2001, for IC 21-3-12, as added by P.L.273-1999, SECTION 146, the vocational education formula in IC 21-3-1.6-3.3 and IC 21-3-1.6-3.4, as added by this act, shall be used for 2001.~~

Page 10, delete lines 1 through 6.

Renumber all SECTIONS consecutively.

(Reference is to SB 9 as printed November 16, 1999.) and when so amended that said bill do pass.

Committee Vote: yeas 25, nays 0.

BAUER, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 14, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

Committee Vote: yeas 9, nays 0.

MOSES, Chair

Report adopted.

COMMITTEE REPORT

Mr. Speaker: Your Committee on Rules and Legislative Procedures, to which was referred Engrossed Senate Bill 33, 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:

Page 6, line 2, after ""members"" insert **"surplus"**.

Page 6, between lines 16 and 17, begin a new paragraph and insert: **"(g) Dividends paid on the equity securities of a stock holding company or reorganized insurer may be paid only in accordance with IC 27-14-3-11."**

(h) Compensation payable to directors and executive officers of an MIHC, stock holding company, or reorganized insurer may be paid only in accordance with IC 27-14-3-12.

(i) Operations outside the ordinary course of the insurance business may be conducted only as provided in IC 27-14-3-13."

Page 7, between lines 38 and 39, begin a new paragraph and insert:

"Sec. 12. "Disinterested director" means a director of an MIHC who does not hold, directly or indirectly, a material ownership interest in any subsidiary."

Page 7, line 39, delete "12" and insert **"13"**.

Page 7, line 41, delete "13" and insert **"14"**.

Page 8, line 10, delete "14" and insert **"15"**.

Page 8, between lines 14 and 15, begin a new paragraph and insert:

"Sec. 16. "Financial services businesses" includes investment banking, commercial banking, industrial banking, savings and loan associations, credit unions, trust companies, other lending and loan brokerage services, services related to the extension of credit (including but not limited to real estate and personal property appraisal; arranging equity financing; check-guaranty services; collection agency services; asset management, servicing, and collection activities; real estate settlement services; and lease financing transactions), securities broker-dealer and trading services, private placement services, acting as a futures commission merchant, securities underwriting, transactions in bullion, precious metals, and foreign currency, investment advisory services, financial planning services, third party administration of insurance policy claims and accounts receivable, the advance or loan of funds using accounts receivable as collateral, organization and operation of investment companies and mutual funds, employee benefit planning and consultation services, actuarial services, issuance of money orders, savings bonds, and traveler's checks, and other operations and services either closely related to or a proper incident to the foregoing."

Page 8, line 15, delete "15" and insert **"17"**.

Page 8, line 20, delete "16" and insert **"18"**.

Page 8, between lines 21 and 22, begin a new paragraph and insert:

"Sec. 19. "Material ownership interest" means an ownership interest equal to more than one-half of one percent (0.5%) of the voting securities of the issuer, or a larger percentage as the commissioner may approve."

Page 8, line 22, delete "17" and insert **"20"**.

Page 8, line 27, delete "18" and insert **"21"**.

Page 8, line 27, after "means" insert **":"**.

Page 8, line 35, delete "19" and insert **"22"**.

Page 8, line 36, delete "20" and insert **"23"**.

Page 8, line 37, delete "21" and insert **"24"**.

Page 8, line 42, delete "22" and insert **"25"**.

Page 9, between lines 2 and 3, begin a new paragraph and insert:

"Sec. 26. "Net income" means an amount equal to the consolidated net income of the company for which the determination is being made, determined in accordance with generally accepted accounting principles on a basis consistent with prior periods, less net realized investment gains (reduced by capital gains tax, if any) on the sale of investments (including real estate) that were held as of the effective date of the plan of reorganization by a former MIC. For purposes of this section, "net realized investment gains" means an amount equal to realized investment gains less realized investment losses (reduced by capital gains tax, if any) for the same accounting period for all investments (including real estate) held as of the effective date of the plan of reorganization as determined in accordance with generally accepted accounting principles on a basis

consistent with prior periods. The cumulative total of net realized investment gains after the effective date of the plan of reorganization that are applied to reduce one (1) or more years of net income for the purposes of this section and IC 27-14-3-11(e) shall not exceed the net unrealized investment gains as of the effective date of the plan of reorganization. For purposes of this section, "net unrealized investment gains" mean unrealized investment gains less unrealized investment losses (as adjusted for deferred income taxes) as of the effective date of the plan of reorganization.

Sec. 27. "Ordinary course of the insurance business" includes but is not limited to the following actions and activities of the MIHC and its subsidiaries:

(1) Operations, practices, and procedures of the company in effect prior to the effective date of the plan of reorganization.

(2) Operations, practices, and procedures that are consistent with industry practices and standards used or in effect at any relevant time.

(3) The payment of obligations due under any surplus note issued by the company with the approval of the commissioner.

(4) Expanding the business of any company into other insurance, insurance-related, and financial services businesses.

Any expansion in the ordinary course of the insurance business may be accomplished through acquisition, merger, consolidation, strategic alliance, joint venture, or other business combination."

Page 9, line 3, delete "23" and insert **"28"**.

Page 9, line 28, delete "24" and insert **"29"**.

Page 9, line 30, delete "25" and insert **"30"**.

Page 9, line 38, delete "26" and insert **"31"**.

Page 9, line 41, delete "27" and insert **"32"**.

Page 10, line 1, delete "28" and insert **"33"**.

Page 10, line 4, delete "29" and insert **"34"**.

Page 10, line 6, delete "30" and insert **"35"**.

Page 10, line 12, delete "31" and insert **"36"**.

Page 10, line 18, delete "32" and insert **"37"**.

Page 10, line 23, delete "33" and insert **"38"**.

Page 12, line 34, after "members" insert **"surplus"**.

Page 16, line 25, after "members" insert **"surplus"**.

Page 21, between lines 3 and 4, begin a new paragraph and insert:

"(f) Concurrent with the initial public offering of any securities of a stock holding company or a reorganized insurer, the majority of the members of the board of directors of the MIHC must be disinterested directors."

Page 23, line 21, after "members" insert **"surplus"**.

Page 24, between lines 17 and 18, begin a new paragraph and insert:

"(e) A reorganized insurer or stock holding company of the MIHC that has any shareholder other than the MIHC or a direct or indirect wholly owned subsidiary of the MIHC may not declare or pay any dividend or other distribution on its capital stock except to the extent of:

(1) one (1) or more years of net income attributable to the year of or years after the effective date of the plan of reorganization; and

(2) proceeds from the issuance of capital stock (which as of any date shall be that amount equal to the net proceeds received by the issuer less amounts previously paid out of the net proceeds to stockholders in the form of dividends or other distributions).

Sec. 12. (a) For purposes of this section, "executive officer" has the same meaning as the term is defined by the Securities and Exchange Commission in 17 CFR 240.3b-7.

(b) After the effective date of a reorganization under this article, the compensation of directors or executive officers of a company shall include only those amounts that satisfy any one (1) of the following criteria:

(1) Amounts that are payable with respect to services rendered before the effective date of the plan of reorganization.

(2) Amounts that would be deemed to be reasonable compensation by the Internal Revenue Service and therefore allowed as proper expense deductions for federal income tax purposes.

(3) Amounts that are disclosed to the policyholders in proxy solicitation materials or other written materials approved by the commissioner as part of the notice of the meeting of the members called to approve a plan of reorganization, are approved by the commissioner in principle and concept as part of the approval of the plan of reorganization, and are approved by the commissioner as to specific amount prior to payments after the effective date of the plan of reorganization.

(4) Amounts that the commissioner deems necessary to preserve the safety and soundness of the stock insurance company subsidiary by enabling it to engage and retain capable employees.

(5) Amounts payable solely out of net income of the company after the effective date of the plan of reorganization.

Sec. 13. A company may invest and conduct operations in businesses outside the ordinary course of the insurance business only from funds separately raised and net income earned, after the effective date of a plan of reorganization."

Page 32, line 33, after "members" insert "surplus".

Page 36, between lines 33 and 34, begin a new paragraph and insert:

"Sec. 15. An MIHC may reorganize with a foreign mutual insurance holding company, subject to the approval of the commissioner, under IC 27-1-23. If the MIHC is not the surviving entity in any reorganization transaction, then the commissioner must consider the effect of the transaction on the protections afforded policyholders under the members' surplus protection principle in determining whether the transaction is in the best interests of the policyholders. If the commissioner waives any or all of the provisions of the members' surplus protection principle in approving a transaction, then the commissioner must explain the basis for waiving the provisions in writing in the order approving the transaction."

(Reference is to SB 33 as printed November 16, 1999.)

and when so amended that said bill do pass.

Committee Vote: yeas 9, nays 0.

MOSES, Chair

Report adopted.

RULES SUSPENSION

HOUSE MOTION

Mr. Speaker: I move that the Constitutional rule requiring every bill be read by title on three several days and the applicable House rules by suspended with respect to Engrossed Senate Bill 1 so that said bill need not be printed, may be read a second time by title, considered engrossed, read a third time by sections and placed upon its passage on this date.

KRUZAN

HOUSE MOTION

Mr. Speaker: I move that the motion of Representative Kruzan be made a special order of business at 4:00 p.m.

MANNWEILER

Motion prevailed.

The House recessed until the fall of the gavel.

RECESS

The House reconvened at 4:10 p.m. with the Speaker in the Chair.

Representatives Alderman, Becker, T. Brown, Dvorak, J. Lutz, Munson, Porter, M. Smith, Steele, Ulmer, Wolkins, D. Young, and M. Young were excused for the rest of the day.

SPECIAL ORDER OF BUSINESS

The Speaker handed down the motion of Representative Kruzan which had been made a special order of business.

HOUSE MOTION

Mr. Speaker: I move that the Constitutional rule requiring every bill be read by title on three several days and the applicable House rules by suspended with respect to Engrossed Senate Bill 1 so that said bill need not be printed, may be read a second time by title, considered engrossed, read a third time by sections and placed upon its passage on this date.

KRUZAN

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

ENGROSSED SENATE BILLS ON SECOND READING

Engrossed Senate Bill 1

Representative Kuzman called down Engrossed Senate Bill 1 for second reading. The bill was read a second time by title. There being no amendments, the bill was considered engrossed.

ENGROSSED SENATE BILLS ON THIRD READING

Engrossed Senate Bill 1

Representative Kuzman called down Engrossed Senate Bill 1 for third reading:

A BILL FOR AN ACT to amend the Indiana Code concerning criminal law and procedure.

The bill was read a third time by sections and placed upon its passage. The question was, Shall the bill pass?

Roll Call 9: yeas 85, nays 0. The bill was declared passed. The question was, Shall the title of the bill remain the title of the act? There being no objection, it was so ordered. The Clerk was directed to inform the Senate of the passage of the bill.

OTHER BUSINESS ON THE SPEAKER'S TABLE

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors to House Bill 1001 and that Representatives T. Adams, Ayres, Bailey, Bardon, Bischoff, Bodiker, Buell, Cheney, Crawford, Duncan, Espich, Kruse, L. Lawson, Leuck, Liggett, Lytle, Mellinger, Sturtz, and Welch be added as coauthors.

BAUER

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors to House Bill 1002 and that Representatives T. Adams, Alderman, Atterholt, Ayres, Bailey, Bardon, Becker, Behning, Bischoff, Bodiker, Bosma, Buck, Buell, Burton, Cheney, Cherry, Crawford, Crosby, Dillon, Dumezich, Duncan, Espich, Foley, Friend, Frizzell, Grubb, Hasler, Herrell, Hoffman, Kruse, L. Lawson, Liggett, Linder, J. Lutz, Lytle, Mahern, Mangus, Mannweiler, McClain, Mock, Munson, Murphy, Pond, Richardson, Ripley, Ruppel, Saunders, Scholer, M. Smith, Steele, Sturtz, Thompson, Torr, Turner, Ulmer, Welch, Wolkins, M. Young, and Yount be added as coauthors.

LEUCK

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors to House Bill 1003 and that Representatives T. Adams, Alderman, Atterholt, Ayres, Bailey, Bardon, Becker, Behning, Bischoff, Bosma, Buck, Buell, Burton, Cheney, Cherry, Crawford, Crosby, Dillon, Dumezich, Duncan, Espich, Foley, Friend, Frizzell, Grubb, Hasler, Herrell, Kruse, L. Lawson, Leuck, Liggett, Linder, J. Lutz, Lytle, Mahern, Mangus, Mannweiler, Mellinger, Mock, Murphy, Pond, Richardson, Ripley, Ruppel, Saunders, Scholer, M. Smith, Steele, Stevenson, Sturtz, Thompson, Torr, Turner, Ulmer, Welch, M. Young, and Yount be added as coauthors.

BODIKER

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

HOUSE MOTION

Mr. Speaker: I move that House Rule 106.1 be suspended for the purpose of adding more than three coauthors to House Bill 1004 and that Representatives T. Adams, Ayres, Bailey, Bardon, Bischoff, Bodiker, Cheney, Crawford, Duncan, Herrell, L. Lawson, Leuck, Liggett, Mellinger, and Sturtz be added as coauthors.

V. SMITH

The motion, having been seconded by a constitutional majority and carried by a two-thirds vote of the members, prevailed.

On the motion of Representative Fry the House adjourned at 4:30 p.m., this eighteenth day of November, 1999, until Monday, November 22, 1999, at 1:30 p.m.

JOHN R. GREGG

Speaker of the House of Representatives

LEE SMITH

Principal Clerk of the House of Representatives