

Bulletin 94

**COMMERCIAL LINES DEREGULATION -- SELF-CERTIFICATION OF
EXEMPT COMMERCIAL POLICYHOLDER**

July 9, 1999

The purpose of this bulletin is to publish the Self-Certification form required by P.L. 268-1999. Commonly known as commercial lines de-regulation, the provisions of P.L. 268-1999 allow an insurer to sell a commercial insurance policy to an entity in Indiana who is an "Exempt Commercial Policyholder" without filing the rate and corresponding policy form with the Indiana Department of Insurance (the "Department").

An insurer who issues insurance to an Exempt Commercial Policyholder must file an annual report and fee with the Department by February 1 of each year. The contents of the report and calculation of the required fee are described in IC 27-1-22-4(n) and (o). The Department plans to adopt rules to implement the annual report requirement. The rulemaking process will begin with a Notice of Intent in the August 1999 volume of the Indiana Register.

The Self-Certification form is Attachment A to this bulletin. In response to questions about who is an employee for purposes of P.L. 268-1999, the Department has determined that "employee" is a full-time employee. A full-time employee is one who is employed to work at least thirty-seven and one-half (37 1/2) hours per week and does not include an employee who works on a temporary or substitute basis or a seasonal employee.

Sally McCarty
INSURANCE COMMISSIONER

Withdrawn

INDIANA CERTIFICATION OF
EXEMPT COMMERCIAL POLICYHOLDER STATUS

Pursuant to Indiana Code 27-1-22-2.5

The undersigned, on behalf of _____, (the "Insured") certifies to _____ (the "Insurer") that the Insured is an Exempt Commercial Policyholder under Indiana law. **Insurer may sell a commercial insurance policy to an Exempt Commercial Policyholder without filing the rate and corresponding policy form with the Indiana Department of Insurance.** The policy and rate must comply with Indiana law, and complaints or questions about compliance may be directed to the Indiana Department of Insurance.

In order to be an Exempt Commercial Policyholder, the Insured must:

1. Execute this Certification and return it to the Insurer
2. Purchase the insurance policy through an insurance agent licensed in Indiana.
3. Meet 3 of the following (check all that apply).

- _____ Net worth of more than \$25,000,000 at the time the insurance policy is issued.
- _____ Net revenue or sales of more than \$50,000,000 in the Insured's preceding fiscal year.
- _____ More than 25 full-time employees per individual company or 50 full-time employees per holding company aggregate at the time the insurance policy is issued. (Indiana and non-Indiana employees may be counted).
- _____ Aggregate annual commercial insurance premiums, excluding worker's compensation and professional liability insurance premiums, of more than \$75,000 in the Insured's preceding fiscal year. Premium is calculated after any credits, discounts or other reductions are applied.
- _____ Nonprofit or public entity with an annual budget of \$25,000,000 or assets of at least \$25,000,000 in the Insured's preceding fiscal year.¹
- _____ Procures the policy with the services of a risk manager.

A risk manager is a person qualified to assess an exempt commercial policyholder's insurance needs and analyze and negotiate a policy of insurance on behalf of the policyholder. A risk manager may be a full-time employee of the policyholder who is qualified through education and experience or through training and experience. A risk manager may also be a person retained by the policyholder who holds a professional designation, such as CPCU, relevant to the type of insurance to be purchased. A retained risk manager must, in advance of providing services, disclose in writing to the policyholder the services to be performed and any commissions or fees the risk manager might receive from the insurer. The risk manager must receive from the policyholder written acknowledgement of the disclosures made by the risk manager.

Signed: _____ Title: _____

Printed: _____ Date: _____

¹ An insurance company that insures a public entity as an exempt commercial policyholder must maintain at least an "A" rating by A.M. Best or equivalent rating by another independent insurance rating organization.