



January 25, 2022

SENATE BILL No. 393

DIGEST OF SB 393 (Updated January 20, 2022 1:07 pm - DI 87)

Citations Affected: IC 36-1.

Synopsis: Insurance pooling for political subdivisions. Permits political subdivisions, acting jointly, to pool resources to purchase insurance coverage.

Effective: July 1, 2022.

Becker

January 11, 2022, read first time and referred to Committee on Local Government.
January 24, 2022, amended, reported favorably — Do Pass.

SB 393—LS 7199/DI 55



January 25, 2022

Second Regular Session of the 122nd General Assembly (2022)

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 2021 Regular Session of the General Assembly.

SENATE BILL No. 393

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

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

- 1 SECTION 1. IC 36-1-30 IS ADDED TO THE INDIANA CODE AS
2 A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
3 1, 2022]:
4 **Chapter 30. Pooling Resources for Insurance Coverage**
5 **Sec. 1. As used in this chapter, "political subdivision" means a:**
6 (1) county;
7 (2) township;
8 (3) city;
9 (4) town;
10 (5) separate municipal corporation;
11 (6) special taxing district;
12 (7) city or county hospital;
13 (8) board or commission of one (1) of the entities listed in
14 subdivisions (1) through (7);
15 (9) drug enforcement task force operated jointly by a political
16 subdivision;
17 (10) community correctional service program organized

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1 under IC 11-12-1; or

2 (11) solid waste management district established under
3 IC 13-21 or IC 13-9.5-2 (before its repeal).

4 **Sec. 2. (a) A political subdivision, in collaboration with other**
5 **political subdivisions, may jointly undertake action to reduce**
6 **expenditures by pooling resources for liability insurance, property**
7 **and casualty insurance, worker's compensation insurance, or any**
8 **other property or casualty insurance. Political subdivisions that**
9 **elect to pool resources for coverage must create a trust under state**
10 **law for the assets. A trust created under this subsection is subject**
11 **to regulation by the department of insurance as follows:**

12 (1) The trust must be registered with the department of
13 insurance.

14 (2) The trust must obtain stop loss insurance issued by an
15 insurer authorized to do business in Indiana with an
16 aggregate retention of not more than one hundred twenty-five
17 percent (125%) of the amount of expected claims for the
18 following year.

19 (3) Contributions by political subdivisions, acting jointly,
20 must be set at one hundred percent (100%) of the aggregate
21 retention plus all other costs of the trust.

22 (4) The trust must maintain a fidelity bond in an amount
23 approved by the department of insurance. The fidelity bond
24 must cover each person responsible for the trust for acts of
25 fraud or dishonesty in servicing the trust.

26 (5) The trust is subject to IC 27-4-1-4.5 regarding claims
27 settlement practices.

28 (6) The trust must file an annual financial statement in the
29 form required by IC 27-1-3-13 not later than March 1 of each
30 year.

31 (7) The trust is not covered by the Indiana Insurance
32 Guaranty Association created under IC 27-6-8-5. The liability
33 of each political subdivision is joint and several.

34 (8) The trust is subject to examination by the department of
35 insurance. All costs associated with an examination must be
36 borne by the trust.

37 (9) The department of insurance may deny, suspend, or
38 revoke the registration of a trust if the insurance
39 commissioner finds any of the following:

40 (A) The trust is in a hazardous financial condition.

41 (B) The trust refuses to be examined or produce records
42 for examination.



1 **(C) The trust failed to pay a final judgment rendered**
2 **against the trust by a court within thirty (30) days of the**
3 **court's final declared judgment.**

4 **(b) An insurance producer licensed by the department of**
5 **insurance may not solicit, offer, or provide coverage through a**
6 **pooling arrangement that does not have a certificate of registration**
7 **from the department of insurance.**

8 **Sec. 3. The insurance commissioner may adopt rules under**
9 **IC 4-22-2 to implement this chapter.**



COMMITTEE REPORT

Madam President: The Senate Committee on Local Government, to which was referred Senate Bill No. 393, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 2, line 1, delete "IC 12-12-1;" and insert "**IC 11-12-1;**".

Page 2, line 8, after "other" and insert "**property or casualty**".

and when so amended that said bill do pass.

(Reference is to SB 393 as introduced.)

BUCK, Chairperson

Committee Vote: Yeas 9, Nays 0.

