

IC 27-5.1-4

Chapter 4. Extended Farm Mutual Insurance Companies

IC 27-5.1-4-1

Extended company requirements

Sec. 1. An extended company is subject to the requirements of IC 27-5.1-2 and this chapter.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-2

Companies existing on June 30, 2003; extended company election; amended certificate of authority

Sec. 2. (a) A farm mutual insurance company that was authorized to provide insurance in Indiana on June 30, 2003, may elect to obtain a certificate of authority as an extended company.

(b) An election under subsection (a) is made by:

(1) an affirmative vote by the board of directors of the farm mutual insurance company:

- (A) on a resolution to convert to an extended company; and
- (B) on an amendment of the articles of incorporation of the farm mutual insurance company; and

(2) filing:

- (A) the resolution;
- (B) the amended articles of incorporation; and
- (C) other information that the commissioner considers necessary for review;

with the commissioner.

(c) The commissioner shall, upon:

- (1) receiving a filing specified under subsection (b)(2); and
- (2) determining that the farm mutual insurance company is in compliance with the requirements of this article and other applicable law;

issue an amended certificate of authority to the farm mutual insurance company authorizing the farm mutual insurance company as an extended company.

(d) A farm mutual insurance company, after receiving an amended certificate of authority under subsection (c):

- (1) is subject to the requirements of this chapter; and
- (2) may commence the business of insurance as an extended company.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-3

Kinds of insurance coverage

Sec. 3. An extended company may:

- (1) insure the property of policyholders of the extended company against loss or damage that is caused by:

- (A) fire;

- (B) windstorm;
 - (C) causes specified under an extended coverage provision;
 - and
 - (D) other perils that are specified in the policy form;
- (2) insure the property of policyholders of the extended company against:
- (A) loss of use;
 - (B) loss of occupancy;
 - (C) loss of rents; and
 - (D) additional expenses;
- that result from direct loss or damage to covered property; and
- (3) provide other kinds of insurance that are approved by the commissioner.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-4

Financial and reinsurance requirements

Sec. 4. An extended company shall comply with the following financial and reinsurance requirements if the extended company provides the types of insurance described in section 3 of this chapter:

- (1) The extended company shall maintain a policyholder surplus as required under IC 27-1-6-15.
- (2) The net retention per risk that an extended company may maintain may not exceed two-tenths percent (0.2%) of the extended company's insurance in force.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-5

Collections through assessments and premiums

Sec. 5. (a) An extended company:

- (1) may collect a membership fee and an initial premium charge that are prescribed by the board of directors of the extended company; and
- (2) shall collect, not less than annually, an amount that is sufficient to enable the extended company to:
 - (A) pay losses and expenses; and
 - (B) create and maintain a policyholder surplus in accordance with the articles of incorporation and bylaws of the extended company.

(b) Collections under subsection (a) are subject to the following requirements:

- (1) Collections must be made through assessments or premiums charged by the extended company on certain insurance policies issued by the extended company as determined by the board of directors of the extended company.
- (2) A policyholder that holds an insurance policy that is issued on a basis other than a premium basis:
 - (A) may be charged an advance assessment that is payable

not later than the time at which the insurance policy is issued, as determined by the board of directors of the extended company; and

(B) may be assessed if a further assessment is required under the articles of incorporation of the extended company.

(c) The terms and conditions of assessments made under this section must be clearly disclosed in the insurance policy.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-6

Policyholder surplus

Sec. 6. The following requirements apply to the policyholder surplus of an extended company:

(1) The articles of incorporation of the extended company must provide for the existence, maintenance, and use of the policyholder surplus.

(2) The policyholder surplus may be used only for the payment of losses and expenses considered necessary by the board of directors of the extended company.

(3) The existence or maintenance of the policyholder surplus does not relieve a policyholder of any assessment or other obligation that the:

(A) policyholder owes to the extended company; or

(B) extended company has levied against the policyholder.

(4) If the extended company is dissolved, the policyholder surplus must be treated in the same manner as any other asset of the extended company.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-7

Investments

Sec. 7. An extended company shall make investments in accordance with IC 27-1-13-3.

As added by P.L.129-2003, SEC.8.

IC 27-5.1-4-8

Annual statement

Sec. 8. (a) An extended company shall, not later than March 1, prepare and file with the commissioner an annual statement:

(1) that is on a form prescribed by the commissioner;

(2) that is verified by an affidavit of the:

(A) president; and

(B) secretary;

of the board of directors of the extended company; and

(3) that reflects the condition of the extended company as of the end of the calendar year immediately preceding the date of the annual statement.

(b) An annual statement prepared and filed under subsection (a)

must be presented at the annual meeting of the extended company.

(c) An annual statement filed under subsection (a) must be accompanied by the filing fee set forth in IC 27-1-3-15.

As added by P.L.129-2003, SEC.8.