



1995 SENATE BILL 583

February 28, 1996 - Introduced by Senators GROBSCHMIDT, BURKE and CHVALA, cosponsored by Representatives NOTESTEIN, CARPENTER, PLOMBON, BRANDEMUEHL, JOHNSRUD, MUSSER, WIRCH, AINSWORTH, HARSDORF, OLSEN and GRONEMUS. Referred to Committee on Insurance.

1 **AN ACT to amend** 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and **to**
2 **create** 632.362 of the statutes; **relating to:** prohibiting insurers from requir-
3 ing an adult child to be an insured under a parent's auto insurance policy and
4 from considering an adult child's driving record when setting auto insurance
5 premiums for the parent's auto insurance policy.

Analysis by the Legislative Reference Bureau

This bill prohibits an insurer from requiring that an adult child and household member of an insured or person applying for coverage under an automobile liability insurance policy be a named insured under the policy if the adult child has his or her own automobile and it is insured. The bill also prohibits an insurer from considering as a factor in determining premiums for such a policy the driving record, amount of driving experience or any other characteristic of an adult child of the insured or person applying for coverage who is a member of the household of the insured or person applying for coverage if the adult child owns his or her own insured automobile and is not a named insured on the parent's policy.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

6 **SECTION 1.** 625.12 (1) (e) of the statutes is amended to read:
7 625.12 (1) (e) Subject to ~~§.~~ ss. 632.362 (2) and 632.365, all other relevant factors,
8 including the judgment of technical personnel.
9 **SECTION 2.** 625.12 (2) of the statutes is amended to read:

1 625.12 (2) CLASSIFICATION. Risks may be classified in any reasonable way for
2 the establishment of rates and minimum premiums, except that no classifications
3 may be based on race, color, creed or national origin, and classifications in automobile
4 insurance may not be based on physical condition or developmental disability as de-
5 fined in s. 51.01 (5). Subject to ~~s.~~ ss. 632.362 (2) and 632.365, rates thus produced
6 may be modified for individual risks in accordance with rating plans or schedules
7 that establish reasonable standards for measuring probable variations in hazards,
8 expenses, or both. Rates may also be modified for individual risks under s. 625.13
9 (2).

10 **SECTION 3.** 625.15 (1) of the statutes is amended to read:

11 625.15 (1) RATE MAKING. An insurer may itself establish rates and supplemen-
12 tary rate information for one or more market segments based on the factors in s.
13 625.12 and, if the rates are for motor vehicle liability insurance, subject to ~~s.~~ ss.
14 632.362 (2) and 632.365, or the insurer may use rates and supplementary rate in-
15 formation prepared by a rate service organization, with average expense factors de-
16 termined by the rate service organization or with such modification for its own ex-
17 pense and loss experience as the credibility of that experience allows.

18 **SECTION 4.** 628.34 (3) (a) of the statutes is amended to read:

19 628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
20 charging different premiums or by offering different terms of coverage except on the
21 basis of classifications related to the nature and the degree of the risk covered or the
22 expenses involved, subject to ~~s.~~ ss. 632.362 (2) and 632.365. Rates are not unfairly
23 discriminatory if they are averaged broadly among persons insured under a group,
24 blanket or franchise policy, and terms are not unfairly discriminatory merely be-
25 cause they are more favorable than in a similar individual policy.

1 **SECTION 5.** 632.362 of the statutes is created to read:

2 **632.362 Adult children; prohibited practices. (1)** An insurer may not re-
3 quire that a person who is a child of an insured or person applying for coverage under
4 an automobile liability insurance policy and who resides in the same household as
5 the insured or person applying for coverage under the automobile liability insurance
6 policy be a named insured under the policy if all of the following apply:

7 (a) The child is age 18 or older.

8 (b) The child owns an automobile that is not described in the policy.

9 (c) The automobile that the child owns is covered under another automobile li-
10 ability insurance policy.

11 **(2)** In determining the premiums for coverages under an automobile liability
12 insurance policy, an insurer may not consider the driving record, amount of driving
13 experience or any other characteristic of a person who is a child of the insured or per-
14 son applying for coverage under the policy, who resides in the same household as the
15 insured or person applying for coverage, who fulfills the requirements under sub. (1)
16 (a) to (c) and who is not a named insured under the policy.

17 **(3)** If an insurer uses rates for automobile liability insurance policies that are
18 prepared by a rate service organization designated under s. 625.15, rates and supple-
19 mentary rate information filed by the rate service organization on behalf of the insur-
20 er shall comply with sub. (2).

21 **SECTION 6. Initial applicability.**

22 (1) This act first applies to automobile liability insurance policies that are is-
23 sued or renewed on the effective date of this subsection.

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(END)