

1999 DRAFTING REQUEST

Bill

Received: **03/26/99**

Received By: **kahlepj**

Wanted: **As time permits**

Identical to LRB:

For: **Brian Burke (608) 266-8535**

By/Representing: **his office**

This file may be shown to any legislator: **NO**

Drafter: **kahlepj**

May Contact:

Alt. Drafters:

Subject: **Insurance - auto**

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

Setting rates for certain motor vehicle insurance policies

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	kahlepj 03/29/99	chanaman 03/29/99		_____			Local
/1			ismith 03/31/99	_____	lrb_docadmin 03/31/99	lrb_docadmin 05/7/99	

FE Sent For:

05-18-99

<END>

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1?	kahlepj	CMH /1 3/29	IS 3/3/99	IS/CMH 3/3/99			

FE Sent For:

<END>

Kahler, Pam

From: Paolino, Bob
Sent: Tuesday, March 23, 1999 5:05 PM
To: Kahler, Pam
Cc: Cannon, Peter
Subject: Milwaukee

Yes, you are correct, OMB docs define the standards... and those standards are applied to Bureau of the Census data.

Definitions:

Metropolitan Statistical Areas (MSA), Consolidated MSAs (CMSA), and Primary MSAs (PMSA):

MSA has at least one city with $\geq 50,000$ population in an area of $\geq 100,000$ (except in New England, where it is 75,000)

A MSA *may* qualify as a CMSA if it has $\geq 1,000,000$ and the components within them (counties) can qualify as PMSAs

There are 256 MSAs and 18 CMSAs (comprising 73 PMSAs).

Milwaukee area:

Milwaukee-Racine CMSA (1,637,000) = Milwaukee-Waukesha PMSA (1,451,000) + Racine PMSA (185,000) (1997 estimates)

Milwaukee-Waukesha PMSA = Milwaukee, Ozaukee, Washington, and Waukesha Counties

Racine PMSA = Racine County

(Kenosha is part of Chicago-Gary-Kenosha CMSA)

Let me know if you need more information.

Bob Paolino
Legislative Analyst

Wisconsin Legislative Reference Bureau
Madison, Wisconsin 53701

A nonpartisan agency serving the Wisconsin Legislature since 1907

Metropolitan Areas: Concepts, Components, and Population

Statistics for metropolitan areas (MAs) shown in the *Statistical Abstract* represent areas defined by the U.S. Office of Management and Budget (OMB) according to published standards that are applied to Census Bureau data. The general concept of an MA is that of a core area containing a large population nucleus, together with adjacent communities having a high degree of economic and social integration with that core. Currently defined MAs are based on application of 1990 standards (which appeared in the Federal Register on March 30, 1990) to 1990 decennial census data and to subsequent Census Bureau population estimates and special census data. Current MA definitions were announced by OMB effective June 30, 1998. MAs include metropolitan statistical areas (MSAs), consolidated metropolitan statistical areas (CMSAs), and primary metropolitan statistical areas (PMSAs).

In this appendix, Table B presents geographic components and 1997 population estimates for each MSA, CMSA, and PMSA outside of New England. Table A presents definitions and data for New England county metropolitan areas (NECMAs), the county-based alternative metropolitan areas for the city- and town-based MSAs and CMSAs of the six New England states.

Standard definitions of metropolitan areas were first issued in 1949 by the then Bureau of the Budget (predecessor of OMB), under the designation "standard metropolitan area" (SMA). The term was changed to "standard metropolitan statistical area" (SMSA) in 1959, and to "metropolitan statistical area" (MSA) in 1983. The collective term "metropolitan area" (MA) became effective in 1990.

OMB has been responsible for the official metropolitan areas since they were first defined, except for the period 1977 to 1981, when they were the responsibility of the Office of Federal Statistical Policy and Standards, Department of Commerce. The standards for defining metropolitan areas were modified in 1958, 1971, 1975, 1980, and 1990.

Defining MSAs, CMSAs, and PMSAs—

The current standards provide that each newly qualifying MSA must include at least: one city with 50,000 or more inhabitants, or a Census Bureau-defined urbanized area (of at least 50,000 inhabitants) and a total metropolitan population of at least 100,000 (75,000 in New England). Under the standards, the county (or counties) that contains the largest city becomes the "central county" (counties), along with any adjacent counties that have at least 50 percent of their population in the urbanized area surrounding the largest city. Additional "outlying counties" are included in the MSA if they meet specified requirements of commuting to the central counties and other selected requirements of metropolitan character (such as population density and percent urban). In New England, the MSAs are defined in terms of cities and towns rather than counties. An area that meets these requirements for recognition as an MSA and also has a population of 1 million or more may be recognized as a CMSA if: separate component areas can be identified within the entire area by meeting statistical criteria specified in the standards, and local opinion indicates there is support for the component areas. If recognized, the component areas are designated PMSAs, and the entire area becomes a CMSA. PMSAs, like the CMSAs that contain them, are composed of entire counties, except in New England where they are composed of cities and towns. If no PMSAs are recognized, the entire area is designated as an MSA. As of the June 30, 1998, OMB announcement, there were 256 MSAs, and 18 CMSAs comprising 73 PMSAs in the United States. In addition, there were three MSAs, one CMSA, and three PMSAs in Puerto Rico.

Central cities and MA titles—The largest city in each MSA/CMSA is designated a "central city." Additional cities qualify if specified requirements are met concerning population size and commuting patterns. The title of each MSA consists of the names of up to three of its central cities and the name of each state into which the

MSA extends. However, a central city with less than 250,000 population and less than one-third the population of the area's largest city is not included in an MSA title unless local opinion supports its inclusion. Titles of PMSAs also typically are based on central city names but in certain cases consist of county names. Generally, titles of CMSAs are based on the titles of their component PMSAs.

Defining New England County Metropolitan Areas (NECMAs)—The OMB defines NECMAs as a county-based alternative to the city- and town-based New England MSAs and CMSAs. The NECMA defined for an MSA or a CMSA includes: the county containing the first-named city in that MSA/CMSA title (this county may include the first-named cities of other MSAs/CMSAs as well), and each additional county having at least half its population in the MSAs/CMSAs whose first-named cities are in the previously identified county. NECMAs are not identified for individual PMSAs. There are 12 NECMAs, including 1 for the Boston-Worcester-Lawrence, MA-NH-ME-CT CMSA and 1 for the Connecticut portion of the New York-Northern New Jersey-Long Island, NY-NJ-CT-PA CMSA. Central cities of a NECMA are those cities in the

NECMA that qualify as central cities of an MSA or a CMSA. NECMA titles derive from names of central cities.

Changes in MA definitions over time—Changes in the definitions of MAs since the 1950 census have consisted chiefly of the recognition of new areas as they reached the minimum required city or urbanized area population, and the addition of counties (or cities and towns in New England) to existing areas as new decennial census data showed them to qualify. In some instances, formerly separate MAs have been merged, components of an MA have been transferred from one MA to another, or components have been dropped from an MA. The large majority of changes have taken place on the basis of decennial census data. However, Census Bureau population estimates and special censuses serve as the basis for intercensal updates.

Because of these historical changes in geographic definitions, users must be cautious in comparing MA data from different dates. For some purposes, comparisons of data for MAs as defined at given dates may be appropriate; for other purposes, it may be preferable to maintain consistent MA definitions.

Table A. New England County Metropolitan Areas (NECMAs)

[In thousands. As of July 1]

NECMA	Population, 1997	NECMA	Population, 1997	NECMA	Population, 1997
Bangor, ME	143	Burlington, VT	191	New London-Norwich, CT	253
Penobscot County	143	Chittenden County	141	New London County	253
Barnstable-Yarmouth, MA	205	Franklin County	44	Pittsfield, MA	134
Barnstable County	205	Grand Isle County	6	Berkshire County	134
Boston-Worcester-Lawrence-Lowell-Brockton, MA-NH	5,828	Hartford, CT	1,105	Portland, ME	251
Bristol County, MA	516	Hartford County	825	Cumberland County	251
Essex County, MA	691	Middlesex County	149	Providence-Warwick-Pawtucket, RI	405
Middlesex County, MA	1,410	Tolland County	131	Bristol County	49
Norfolk County, MA	639	Lewiston-Auburn, ME	101	Kent County	162
Plymouth County, MA	462	Androscoggin County	101	Providence County	574
Suffolk County, MA	643	New Haven-Bridgeport-Stamford-Waterbury-Danbury, CT	1,626	Washington County	120
Worcester County, MA	726	Fairfield County	833	Springfield, MA	591
Hillsborough County, NH	358	New Haven County	792	Hampden County	441
Rockingham County, NH	267			Hampshire County	150
Strafford County, NH	108				

Source: U.S. Bureau of the Census. "Estimates of the Population of Counties and Demographic Components of Population Change: April 1, 1990, to July 1, 1997"; published 17 March 1998; <<http://www.census.gov/population/estimates/county/co-97-5/97C500.bt>>.

	Popu- lation, 1997 (1,000)		Popu- lation, 1997 (1,000)		Popu- lation, 1997 (1,000)
Scott County	20	Merced, CA MSA	196	Dutchess County, NY PMSA	265
Woodford County	22	Merced County	196	Dutchess County, NY	265
Lima, OH MSA	155	Miami-Fort Lauderdale, FL		Jersey City, NJ PMSA	551
Allen County	108	CMSA	3,515	Hudson County, NJ	551
Auglaize County	47	Fort Lauderdale, FL PMSA	1,471	Middlesex-Somerset	
Lincoln, NE MSA	233	Broward County	1,471	Hunterdon, NJ PMSA	1,106
Lancaster County	233	Miami, FL PMSA	2,045	Hunterdon County, NJ	121
		Dade County	2,045	Middlesex County, NJ	708
Little Rock-North Little				Somerset County, NJ	277
Rock, AR MSA	552	Milwaukee-Racine, WI CMSA	1,627	Monmouth-Ocean, NJ PMSA	1,077
Faulkner County	77	Milwaukee-Waukesha, WI PMSA	1,451	Monmouth County, NJ	596
Linn County	49	Milwaukee County	909	Ocean County, NJ	481
Pulaski County	350	Ozaukee County	81	Nassau-Suffolk, NY PMSA	2,666
Saline County	76	Washington County	113	Nassau County, NY	1,304
		Waukesha County	349	Suffolk County, NY	1,363
Longview-Marshall, TX		Racine, WI PMSA	185	New York, NY PMSA	8,611
MSA	208	Racine County	185	Bronx County, NY	1,188
Gregg County	113	Minneapolis-St. Paul, MN-WI		Kings County, NY	2,240
Harrison County	60	MSA	2,792	New York County, NY	1,536
Upshur County	35	Anoka County, MN	287	Putnam County, NY	92
Los Angeles-Riverside-		Carver County, MN	63	Queens County, NY	1,976
Orange County, CA CMSA	15,609	Chicago County, MN	39	Richmond County, NY	402
Los Angeles-Long Beach,		Dakota County, MN	335	Rockland County, NY	280
CA PMSA	9,145	Hennepin County, MN	1,053	Westchester County, NY	856
Los Angeles County	9,145	Isanti County, MN	30	Newark, NJ PMSA	1,843
Orange County, CA PMSA	2,674	Ramsey County, MN	484	Essex County, NJ	751
Orange County	2,674	Scott County, MN	76	Morris County, NJ	454
Riverside-San Bernardino,		Sherburne County, MN	58	Sussex County, NJ	142
CA PMSA	3,064	Washington County, MN	192	Union County, NJ	498
Riverside County, IN	1,448	Wright County, MN	83	Warren County, NJ	98
San Bernardino County	1,010	Pierce County, WI	35	Newburgh, NY-PA PMSA	366
Ventura, CA PMSA	726	St. Croix County, WI	57	Orange County, NY	327
Ventura County	726	Missoula, MT MSA	89	Pike County, PA	30
		Missoula County	89	Trenton, NJ PMSA	330
Louisville, KY-IN MSA	993			Mercer County, NJ	330
Bullitt County, KY	58	Mobile, AL MSA	527	Norfolk-Virginia Beach-	
Jefferson County, KY	671	Baldwin County	129	Newport News, VA-NC MSA	1,545
Oldham County, KY	43	Mobile County	398	Gloucester County, VA	34
Clark County, IN	93	Modesto, CA MSA	422	Isle of Wight County, VA	29
Floyd County, IN	71	Stanislaus County	422	James City County, VA	43
Harrison County, IN	34	Monroe, LA MSA	147	Mathews County, VA	9
Scott County, IN	23	Ouachita Parish	147	York County, VA	57
Lubbock, TX MSA	231	Montgomery, AL MSA	319	Chesapeake city, VA	196
Lubbock County	231	Autauga County	41	Hampton city, VA	139
Lynchburg, VA MSA	207	Elmore County	60	Newport News city, VA	170
Amherst County	30	Montgomery County	218	Norfolk city, VA	229
Bedford County	56	Muncie, IN MSA	118	Poquoson city, VA	11
Campbell County	50	Delaware County	118	Portsmouth city, VA	100
Bedford city	6	Myrtle Beach, SC MSA	169	Suffolk city, VA	61
Lynchburg city	65	Horry County	169	Virginia Beach city, VA	433
Macon, GA MSA	316	Naples, FL MSA	196	Williamsburg city, VA	12
Bibb County	156	Collier County	196	Cumtuck County, NC	17
Houston County	104	Nashville, TN MSA	1,135	Ocala, FL MSA	237
Jones County	23	Cheatham County	34	Marion County	237
Peach County	24	Davidson County	534	Odessa-Midland, TX MSA	243
Twiggs County	10	Dickson County	41	Ector County	125
Madison, WI MSA	398	Robertson County	51	Midland County	119
Dane County	398	Rutherford County	160	Oklahoma City, OK MSA	1,031
Mansfield, OH MSA	175	Sumner County	122	Canadian County	85
Crawford County	47	Williamson County	111	Cleveland County	197
Richland County	128	Wilson County	81	Logan County	31
McAllen-Edinburg-Mission,		New Orleans, LA MSA	1,308	McClain County	26
TX MSA	511	Jefferson Parish	451	Oklahoma County	630
Hidalgo County	511	Orleans Parish	469	Pottawatomie County	62
Medford-Ashland, OR		Plaquemines Parish	26	Omaha, NE-IA MSA	687
MSA	171	St. Bernard Parish	66	Cass County, NE	24
Jackson County	171	St. Charles Parish	48	Douglas County, NE	441
Melbourne-Titusville-Palm		St. James Parish	21	Sarpy County, NE	119
Bay, FL MSA	461	St. John the Baptist Parish	42	Washington County, NE	18
Brevard County	461	St. Tammany Parish	165	Pottawattamie County, IA	85
Memphis, TN-AR-MS MSA	1,083	New York-Northern New Jersey-		Orlando, FL MSA	1,467
Fayette County, TN	30	Long Island, NY-NJ-CT-PA		Lake County	196
Shelby County, TN	866	CMSA (pt.)	18,251	Orange County	784
Tipton County, TN	46	Bergen-Passaic, NJ PMSA	1,335	Osceola County	142
Crittenden County, AR	50	Bergen County, NJ	851	Seminole County	345
DeSoto County, MS	92	Passaic County, NJ	484	Owensboro, KY MSA	91
				Davies County	91
				Panama City, FL MSA	146
				Bay County	146

*Milwaukee-Racine
CMSA =
Milw-Waukesha
PMSA
+
Racine PMSA*

Memorandum

To: Pam Kahler

From: Senator Brian Burke

Date: 03/26/99

Re: Bill drafting request – zip code discrimination in car insurance rates

Please redraft 1995 Senate Bill 106 relating to setting rates for certain motor vehicle insurance policies and granting rule-making authority.

If you have any questions, please contact Debbie from my office at 6-8535.

Thanks for your assistance.



1999 Bill

1995 SENATE BILL 106

March 9, 1995 - Introduced by Senators BURKE and PLEWA, cosponsored by Representatives CULLEN, BOCK, BOYLE, COGGS, GRONEMUS, KRUG, LA FAVE, NOFESTEIN, RILEY, ROBSON, TURNER, WILLIAMS, L. YOUNG and R. YOUNG. Referred to Committee on Insurance.

regenerate ↓

1 AN ACT to amend 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and to
2 create 632.39 of the statutes; relating to: setting rates for certain motor
3 vehicle insurance policies and granting rule-making authority.

Analysis by the Legislative Reference Bureau

This bill specifies how an insurer must determine rates for certain motor vehicle insurance policies. The bill applies specifically to those policies that cover private passenger automobiles, motorcycles or mopeds, that do not cover more than vehicles and that are issued to individuals who reside in a federal metropolitan statistical area in this state that contains a 1st class city (Milwaukee). The insurer must first divide the federal metropolitan statistical area into separate contiguous areas, each containing at least one municipality, defined in the bill as a city, village or town. The insurer must charge the same rate for the same or similar type of coverage under all policies to which the bill applies and that are issued to insureds residing in the same contiguous area. The insurer may establish no more than rate bands for each type of coverage under all of the policies to which the bill applies. The bill specifies restrictions on how much the rates may differ from each other within and between rate bands. After determining the rates according to the requirements specified in the bill, an insurer may modify the rates for individual risks using factors specified by the commissioner by rule. The factors include the driving safety record and experience of the drivers of the insured vehicle, the value of the insured vehicle and the number of miles that it is driven each year and any other factors that the commissioner determines are relevant. The zip code of the insured or any other driver of the insured vehicle may not be a basis for modifying a rate for individual risk.

four

two

Current law specifies factors to be considered in determining whether insurance rates in general comply with standards related to excessiveness, inadequacy and unfair discrimination. ~~Current law~~ does not ~~enumerate~~ enumerate specific factors that may be used in determining auto insurance rates or place limits

, but

on the range of rates that may be set. Current law ^{however,} does prohibit an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting auto insurance rates, ~~and does limit the range of rates that may be charged to small employers for health insurance.~~

For further information see the *local* fiscal estimate, which will be printed as an appendix to this bill.

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

1 SECTION 1. 625.12 (1) (e) of the statutes is amended to read:

Proposed
w/
state

2 625.12 (1) (e) Subject to ~~s.~~ ss. 632.365 and 632.39, all other relevant factors,
3 including the judgment of technical personnel.

4 SECTION 2. 625.12 (2) of the statutes is amended to read:

5 625.12 (2) CLASSIFICATION. Risks Except as provided in s. 632.39, risks may be
6 classified in any reasonable way for the establishment of rates and minimum
7 premiums, except that no classifications may be based on race, color, creed or
8 national origin, and classifications in automobile insurance may not be based on
9 physical condition or developmental disability as defined in s. 51.01 (5). Subject to
10 ~~s.~~ ss. 632.365 and 632.39, rates thus produced may be modified for individual risks
11 in accordance with rating plans or schedules that establish reasonable standards for
12 measuring probable variations in hazards, expenses, or both. Rates may also be
13 modified for individual risks under s. 625.13 (2).

14 ~~SECTION 3. 625.15 (1) of the statutes is amended to read:~~

15 625.15 (1) RATE MAKING. An insurer may itself establish rates and
16 supplementary rate information for one or more market segments based on the
17 factors in ~~accordance with~~ s. 625.12 and, if the rates are for motor vehicle liability
18 insurance, subject to s. 632.365, or the insurer may use rates and supplementary rate
19 information prepared by a rate service organization, with average expense factors

1 determined by the rate service organization or with such modification for its own
2 expense and loss experience as the credibility of that experience allows.

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

4 628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
5 charging different premiums or by offering different terms of coverage except on the
6 basis of classifications related to the nature and the degree of the risk covered or the
7 expenses involved, subject to s. ss. 625.12 (2) 632.39 and 632.365. Rates are not
8 unfairly discriminatory if they are averaged broadly among persons insured under
9 a group, blanket or franchise policy, and terms are not unfairly discriminatory
10 merely because they are more favorable than in a similar individual policy.

11 **SECTION 5.** 632.39 of the statutes is created to read:

12 **632.39 Setting rates for certain motor vehicle insurance policies. (1)**

13 SCOPE. This section applies to every motor vehicle insurance policy that is issued or
14 delivered to an individual who resides in the federal metropolitan statistical area in
15 this state that contains a 1st class city.

16 (2) DEFINITIONS. In this section:

17 (a) "Federal metropolitan statistical area" means an area defined by the federal
18 office of management and budget under 44 USC 3504 (d) (3) as a metropolitan
19 statistical area or a primary metropolitan statistical area.

20 (b) "Midpoint rate" means the arithmetic average of the lowest premium rate
21 and the highest premium rate within a rate band.

22 (c) "Motor vehicle insurance policy" means an insurance policy issued or
23 delivered in this state to an individual that provides motor vehicle physical damage
24 or collision coverage or coverage for the insured's liability for loss or damage to a
25 person or property resulting from a motor vehicle accident, or any combination of

Insert 3-10

1 those types of coverage, and under which each motor vehicle designated as insured
2 is any of the following types:

3 1. A private passenger automobile that is not used as a public or livery
4 conveyance for passengers or rented to others.

5 2. Any other 4-wheel motor vehicle that is designed for travel on public roads
6 and that has a load capacity of no more than 1,500 pounds.

7 3. A motorcycle or moped.

8 (d) "Municipality" means a city, village or town.

(CS) Determining Rates

9 (3) ~~HOW RATES MAY BE DETERMINED~~ For all types of coverage under a policy that
10 is subject to this section, an insurer shall determine initial rates as follows:

11 (a) The insurer shall first divide the federal metropolitan statistical area
12 specified in sub. (1) into separate contiguous areas. Each such contiguous area ~~shall~~ *must*
13 include one or more municipalities and may not include less than all of any
14 municipality that is included in the contiguous area.

15 (b) All motor vehicle insurance policies subject to this section, of all insureds
16 residing within a contiguous area designated by the insurer under par. (a), shall
17 constitute a class.

18 (c) Except for modifications for individual risks as permitted by rule under sub.
19 (4)(a), the insurer shall charge the same rate for the same or similar type of coverage
20 under all policies within the same class.

21 (d) For each type of coverage, the insurer may establish no more than 2 rate
22 bands for all motor vehicle insurance policies subject to this section.

23 (e) No rate within a rate band may vary from the midpoint rate within the rate
24 band by more than 7.5% of that midpoint rate.

1 (f) If the insurer establishes 2 rate bands for a type of coverage, the highest rate
2 within one rate band may not vary from the highest rate within the other rate band
3 by more than 15% of the higher of those 2 rates.

4 (4) RULES FOR MODIFICATIONS FOR INDIVIDUAL RISKS. (a) The commissioner shall
5 promulgate rules specifying factors that an insurer, after determining rates as
6 provided in sub. (3), may consider in modifying such rates for individual risks. The
7 factors shall include all of the following:

8 1. Subject to s. 632.36 (1), the driving safety record, including accidents and
9 tickets, of the drivers of the insured motor vehicle.

10 2. The amount of driving experience of the drivers of the insured motor vehicle.

11 3. The number of miles that the insured motor vehicle is driven each year.

12 4. The value of the insured motor vehicle.

13 5. Subject to par. (b), any other factors that the commissioner determines are
14 relevant.

15 (b) Rates determined under sub. (3) may not be modified on the basis of the zip
16 code of the insured or the zip code of any other driver of the insured motor vehicle.

17 (c) Notwithstanding sub. (3) (e) and (f), a rate determined under sub. (3) that
18 is modified for individual risks in accordance with rules promulgated under par. (a)
19 may fall outside a rate band established under sub. (3).

20 (5) RATE SERVICE ORGANIZATIONS. If an insurer uses rates for motor vehicle
21 insurance policies that are prepared by a rate service organization designated under
22 s. 625.15, rates filed by the rate service organization on behalf of the insurer must
23 comply with this section.

1 (6) EXCEPTIONS. This section does not apply to a motor vehicle insurance policy
2 that insures more than 4 vehicles or that is issued under a risk-sharing plan
3 established under s. 619.01 (1) or continued under s. 619.01 (6).

4 SECTION 6. Nonstatutory provisions; insurance.

5 (1) The commissioner of insurance shall submit in proposed form the rules
6 required under section 632.39 (4) (a) of the statutes, as created by this act, to the
7 legislative council staff under section 227.15 (1) of the statutes no later than the first
8 day of the 10th month beginning after the effective date of this subsection.

9 SECTION 7. Initial applicability; insurance.

10 (1) This act first applies to rates and premiums for motor vehicle insurance
11 policies, as defined in section 632.39 (2) (c) of the statutes, as created by this act, that
12 are issued or renewed on the effective date of this subsection.

13 SECTION 8. Effective dates; insurance. This act takes effect on the first day
14 of the 13th month beginning after publication, except as follows:

15 (1) The treatment of section 632.39 (4) of the statutes and SECTION 6 (1) of this
16 act take effect on the day after publication.

17 (END)

a.s.

Insert 3-10

1082

X
Section #. 625.15 (1) of the statutes is amended to read:

625.15 (1) RATE MAKING. An insurer may itself establish rates and supplementary rate information for one or more market segments based on the factors in s. 625.12 and, if the rates are for motor vehicle ~~liability~~ insurance, subject to ~~s. 632.365~~ ^{ss.} ~~or~~ [→] and 632.39, or the insurer may use rates and supplementary rate information prepared by a rate service organization, with average expense factors determined by the rate service organization or with such modification for its own expense and loss experience as the credibility of that experience allows.

History: ~~1979 c. 177 s. 85; 1991 a. 279.~~



X
Section #. 628.34 (3) (a) of the statutes is amended to read:

625.12(2)

628.34 (3) (a) No insurer may unfairly discriminate among policyholders by charging different premiums or by offering different terms of coverage except on the basis of classifications related to the nature and the degree of the risk covered or the expenses involved, subject to ss. 632.365, 632.746 and 632.748. Rates are not unfairly discriminatory if they are averaged broadly among persons insured under a group, blanket or franchise policy, and terms are not unfairly discriminatory merely because they are more favorable than in a similar individual policy.

632.39

~~History: 1975 c. 371, 421; 1979 c. 89, 109, 313, 355; 1991 a. 279; 1995 a. 289; 1997 a. 27, 237.~~

(end of ins. 3-10)

**SUBMITTAL
FORM**

**LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street**

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and sign on the appropriate line(s) below.

Date: 3/31/99

To: Senator Burke

Relating to LRB drafting number: LRB-2635

Topic

Setting rates for certain motor vehicle insurance policies

Subject(s)

Insurance - auto

1. **JACKET** the draft for introduction

in the Senate or the Assembly (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Pamela J. Kahler, Senior Legislative Attorney
Telephone: (608) 266-2682