

2001 DRAFTING REQUEST

Bill

Received: 06/08/2001

Received By: kahlepj

Wanted: As time permits

Identical to LRB:

For: Gregg Underheim (608) 266-2254

By/Representing: Sandy

This file may be shown to any legislator: NO

Drafter: kahlepj

May Contact:

Addl. Drafters:

Subject: Insurance - auto

Extra Copies:

Submit via email: NO

Pre Topic:

No specific pre topic given

Topic:

Prohibiting the use of adverse credit report information in issuing or setting premiums for motor vehicle insurance

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 07/02/2001	jdyer 07/05/2001		_____			
/1			jfrantze 07/05/2001	_____	lrb_docadmin 07/05/2001		
/2	kahlepj 10/29/2001	jdyer 10/30/2001	kfollet 10/30/2001	_____	lrb_docadmin 10/30/2001	lrb_docadmin 01/04/2002	lrb_docadmin 01/04/2002

Vers. Drafted Reviewed Typed Proofed Submitted Jacketed Required

FE Sent For:

↳ Not
Needed

<END>

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Please jacket

Topic:

Prohibiting the use of adverse credit report information in issuing insurance

*this "1/2" to Assembly (underheim)
Thanks.*

Instructions:

See Attached

Pam

Drafting History:

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10/30/2001 11:21:17 AM

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LRB-3413

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			KJ 10/30		5/11/jf 10/30		

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1?	kahlepj	1 7/2 jld	6 7/5	Sylb 7/5			

FE Sent For:

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Introduced Version

SENATE BILL No. 553

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-22-25.5.

Synopsis: Use of credit records by auto insurance companies. Provides that a motor vehicle insurance rating plan filed with the insurance commissioner may not use adverse information on an individual's credit report as a rating factor. Prohibits an insurer, in deciding whether to issue or setting the premium for a motor vehicle insurance policy, from considering adverse information on the credit report of an individual who would be covered under the policy as a named insured or the spouse or family member of a named insured.

Effective: July 1, 2001.

Lanane

January 23, 2001, read first time and referred to Committee on Insurance and Financial Institutions.

Introduced

First Regular Session 112th General Assembly (2001)

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 2000 General Assembly.

SENATE BILL No. 553

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

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

SECTION 1. IC 27-1-22-25.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2001]: **Sec. 25.5. (a) This section applies only to an applicant or a policyholder who is an individual.**

(b) As used in this section, "insurer" has the meaning set forth in IC 27-1-2-3 (x).

(c) As used in this section, "motor vehicle insurance" means any type of insurance described in IC 27-1-5-1 , Class 2(f).

(d) A motor vehicle insurance rating plan filed under section 4 of this chapter may not use adverse information on an individual's credit report as a rating factor.

(e) In:

(1) deciding whether to issue; or

(2) setting the premium for;

a motor vehicle insurance policy, an insurer may not consider adverse information on the credit report of an individual who would be covered under the policy as a named insured or the spouse or family member of a named insured.

(f) This section is not intended to conflict with any disclosure provisions of state law or the federal Truth in Lending Act (15 U.S.C. 1601 et seq.) applying to lending institutions, credit bureaus, or other credit service organizations that maintain or distribute credit histories on insurance applicants or policyholders.

Converted from WordPerfect by the Access Indiana Information Network

[Complete information for Senate Bill 0553](#)

[Legislative Session Information](#)

[Indiana General Assembly Homepage](#)



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SEARCH INDIANA





JLd

~~PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION~~

D-note

gen cat

- 1 AN ACT ~~relating to~~; relating to: prohibiting the use of adverse information in credit
- 2 reports for issuing or setting premiums for motor vehicle insurance. ✓

Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates ~~may~~ be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an inspection as a factor in setting rates or premiums for motor vehicle insurance.

This bill prohibits an insurer from considering adverse information in an individual's credit report for purposes of issuing or renewing motor vehicle insurance to the individual or setting premiums for that motor vehicle insurance. The bill also prohibits a rating plan for motor vehicle insurance from using adverse information in an individual's credit report as a rating factor.

emissions

may

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

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

1 625.12 (1) (e) Subject to ~~s.~~ ss. 632.365 and 632.367,[✓] all other relevant factors,
2 including the judgment of technical personnel.

3 History: 1975 c. 275; 1977 c. 418 s. 929 (55); 1979 c. 93; 1991 a. 279.

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

4 625.12 (2) CLASSIFICATION. Risks may be classified in any reasonable way for
5 the establishment of rates and minimum premiums, except that no classifications
6 may be based on race, color, creed, or national origin, and classifications in
7 automobile insurance may not be based on physical condition or developmental
8 disability as defined in s. 51.01 (5). Subject to ~~s.~~ ss. 632.365 and 632.367,[✓] rates thus
9 produced may be modified for individual risks in accordance with rating plans or
10 schedules that establish reasonable standards for measuring probable variations in
11 hazards, expenses, or both. Rates may also be modified for individual risks under
12 s. 625.13 (2).

13 History: 1975 c. 275; 1977 c. 418 s. 929 (55); 1979 c. 93; 1991 a. 279.

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

14 625.15 (1) RATE MAKING. An insurer may itself establish rates and
15 supplementary rate information for one or more market segments based on the
16 factors in s. 625.12 and, if the rates are for motor vehicle liability insurance, subject
17 to ~~s.~~ ss. 632.365 and 632.367,[✓] or the insurer may use rates and supplementary rate
18 information prepared by a rate service organization, with average expense factors
19 determined by the rate service organization or with such modification for its own
20 expense and loss experience as the credibility of that experience allows.

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

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

22 628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
23 charging different premiums or by offering different terms of coverage except on the
24 basis of classifications related to the nature and the degree of the risk covered or the

1 expenses involved, subject to ss. 632.365, 632.367, 632.746, and 632.748. Rates are
2 not unfairly discriminatory if they are averaged broadly among persons insured
3 under a group, blanket, or franchise policy, and terms are not unfairly discriminatory
4 merely because they are more favorable than in a similar individual policy.

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

5 **SECTION 5. 632.367** of the statutes is created to read:

6 **632.367 Use of adverse information in credit report.** (1) A rating plan
7 for motor vehicle insurance may not use adverse information in an individual's credit
8 report as a rating factor.

9 (2) For the purpose of determining whether to issue or renew coverage under
10 a motor vehicle insurance policy, or ^{of} setting premiums for coverage under such a
11 policy, an insurer may not consider adverse information in the credit report of any
12 of the following:

13 (a) An individual who is, or who ^{of} would be if coverage is issued, a named insured
14 under the policy.

15 (b) The spouse or other family member of an individual under par. (a).

16 **SECTION 6. Initial applicability.**

17 (1) This act first applies to motor vehicle insurance policies renewed, or for
18 which application is made, on the effective date of this subsection.

19 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3413/dn

PJK:.....

date

Jld

Do you want to delay the effective date?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3413/1dn
PJK:jld:jf

July 5, 2001

Do you want to delay the effective date?

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.state.wi.us

Kahler, Pam

From: Lonergan, Sandra
Sent: Friday, October 26, 2001 10:28 AM
To: Kahler, Pam
Subject: RE: LRB-3413 -- auto ins. credit report

Hi Pam,

I know have sent you a ton of work in the past few days & I'm sorry about that. Gregg would like a change to this draft please. Rather than prohibit the use of adverse credit information, he would like to prohibit the use of ANY credit information. That's not too bad, is it? I'm sorry.

Thank you,
Sandy

-----Original Message-----

From: Kahler, Pam
Sent: Tuesday, October 23, 2001 4:03 PM
To: Lonergan, Sandra
Subject: LRB-3413 -- auto ins. credit report

You're very agreeable. This is easier at the moment.

<< File: 01-3413/1 >>



revision

2001 BILL

Regen

1 AN ACT *to amend* 625.12 (1) (e), 625.12 (2), 625.15 (1) and 628.34 (3) (a); and *to*
 2 *create* 632.367 of the statutes; **relating to:** prohibiting the use of ~~§ 628.34~~
 3 information in credit reports for issuing or setting premiums for motor vehicle
 4 insurance.

Analysis by the Legislative Reference Bureau

Current law contains prohibitions against unfairly discriminating among policyholders with respect to charging different premiums or offering different terms of coverage except on the basis of classifications related to the nature and degree of risk covered. Current law also specifies the factors on which insurance rates may be based. These prohibitions and specifications apply to all types of insurance. Current law specifically prohibits an insurer from using odometer reading data collected in the course of an emissions inspection as a factor in setting rates or premiums for motor vehicle insurance.

→ This bill prohibits an insurer from considering ~~§ 628.34~~ information in an individual's credit report for purposes of issuing or renewing motor vehicle insurance to the individual or setting premiums for that motor vehicle insurance. The bill also prohibits a rating plan for motor vehicle insurance from using ~~§ 628.34~~ information in an individual's credit report as a rating factor.

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

BILL

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

2 625.12 (1) (e) Subject to ~~s.~~ ss. 632.365 and 632.367, 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 may be classified in any reasonable way for
6 the establishment of rates and minimum premiums, except that no classifications
7 may be based on race, color, creed, or national origin, and classifications in
8 automobile insurance may not be based on physical condition or developmental
9 disability as defined in s. 51.01 (5). Subject to ~~s.~~ ss. 632.365 and 632.367, rates thus
10 produced may be modified for individual risks in accordance with rating plans or
11 schedules that establish reasonable standards for measuring probable variations in
12 hazards, expenses, or both. Rates may also be modified for individual risks under
13 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 s. 625.12 and, if the rates are for motor vehicle liability insurance, subject
18 to ~~s.~~ ss. 632.365 and 632.367, or the insurer may use rates and supplementary rate
19 information prepared by a rate service organization, with average expense factors
20 determined by the rate service organization or with such modification for its own
21 expense and loss experience as the credibility of that experience allows.

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

23 628.34 (3) (a) No insurer may unfairly discriminate among policyholders by
24 charging different premiums or by offering different terms of coverage except on the
25 basis of classifications related to the nature and the degree of the risk covered or the

BILL

1 expenses involved, subject to ss. 632.365, 632.367, 632.746, and 632.748. Rates are
2 not unfairly discriminatory if they are averaged broadly among persons insured
3 under a group, blanket, or franchise policy, and terms are not unfairly discriminatory
4 merely because they are more favorable than in a similar individual policy.

5 **SECTION 5.** 632.367[✓] of the statutes is created to read:

6 **632.367 Use of ~~credit~~[✓] information in credit report.** (1) A rating plan
7 for motor vehicle insurance may not use ~~credit~~[✓] information in an individual's credit
8 report as a rating factor.

9 (2) For the purpose of determining whether to issue or renew coverage under
10 a motor vehicle insurance policy, or of setting premiums for coverage under such a
11 policy, an insurer may not consider ~~credit~~[✓] information in the credit report of any
12 of the following:

13 (a) An individual who is, or who if coverage is issued would be, a named insured
14 under the policy.

15 (b) The spouse or other family member of an individual under par. (a).

16 **SECTION 6. Initial applicability.**

17 (1) This act first applies to motor vehicle insurance policies renewed, or for
18 which application is made, on the effective date of this subsection.

19 (END)