

# SENATE BILL No. 654

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## DIGEST OF INTRODUCED BILL

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

**Synopsis:** Use of credit checks by auto insurance companies. Prohibits an issuer of motor vehicle insurance from charging higher rates to an individual based on the insurer's knowledge of an adverse item of information reported on that individual's credit report within the past seven years if the individual has an otherwise good driving record.

**Effective:** July 1, 1999.

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January 22, 1999, read first time and referred to Committee on Insurance and Financial Institutions.

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Introduced

First Regular Session 111th General Assembly (1999)

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 1998 General Assembly.

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

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

- 1 SECTION 1. IC 27-1-22-25.5 IS ADDED TO THE INDIANA  
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 1999]: **Sec. 25.5. (a) This section applies only**  
4 **to a policyholder or an applicant who is an individual.**  
5 **(b) As used in this section, "insurer" means a company, firm,**  
6 **partnership, association, order, society, or system that:**  
7 **(1) issues or delivers any of the types of insurance; or**  
8 **(2) enters into any of the types of contracts;**  
9 **described in IC 27-7-6-2.**  
10 **(c) As used in this section, "motor vehicle insurance" means any**  
11 **type of insurance described in IC 27-1-5-1, Class 2(f).**  
12 **(d) An insurer may not charge higher rates to an individual**  
13 **based on the insurer's knowledge of an adverse item of information**  
14 **reported on that individual's credit report within the past seven (7)**  
15 **years unless the insurer can establish that the individual's past**  
16 **traffic convictions and involvement in past accidents have a**  
17 **demonstrable effect upon losses or expenses to the insurer.**



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

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