

COMMITTEE REPORT

MR. PRESIDENT:

The Senate Committee on Insurance and Financial Institutions, to which was referred Senate Bill No. 156, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

- 1 Page 1, between the enacting clause and line 1, begin a new
2 paragraph and insert:
3 "SECTION 1. IC 27-1-22-3 IS AMENDED TO READ AS
4 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) Rates shall be
5 made in accordance with the following provisions:
6 (1) Due consideration shall be given to the past and prospective
7 loss experience within and outside this state, to conflagration and
8 catastrophe hazards, if any, to a reasonable margin for
9 underwriting profit and contingencies, to dividends or savings
10 allowed or returned by insurers to their policyholders or members,
11 to past and prospective expenses both countrywide and those
12 specifically applicable to this state, to all other relevant factors,
13 including trend factors, within and outside this state, and in the
14 case of fire insurance rates, to the underwriting experience of the
15 fire insurance business during a period of not less than the most
16 recent five (5) year period for which such experience is available
17 and relevant.
18 (2) Risks may be grouped by classifications, by rating schedules,
19 or by any other reasonable methods, for the establishment of rates
20 and minimum premiums. Classification rates may be modified to

1 produce rates for individual risks in accordance with rating plans
2 which establish standards for measuring variations in hazards or
3 expense provisions, or both. Such standards may measure any
4 difference among risks that can be demonstrated to have a
5 probable effect upon losses or expenses.

6 (3) The systems of expense provisions included in the rates for
7 use by any insurer or group of insurers may differ from those of
8 other insurers or groups of insurers to reflect the requirements of
9 the operating methods of any such insurer or group with respect
10 to any kind of insurance, or with respect to any subdivision or
11 combination thereof for which subdivision or combination
12 separate expense provisions are applicable.

13 (4) Rates shall not be excessive, inadequate, or unfairly
14 discriminatory.

15 No rate shall be held to be excessive unless such rate is unreasonably
16 high for the insurance coverage provided and a reasonable degree of
17 competition does not exist in the area with respect to the classification
18 to which such rate is applicable. No rate shall be held to be inadequate
19 unless such rate is unreasonably low for the insurance coverage
20 provided and is insufficient to sustain projected losses and expenses,
21 or unless such rate is unreasonably low for the insurance coverage
22 provided and the use of such rate has, or if continued, will have, the
23 effect of destroying competition or creating a monopoly.

24 (b) Except to the extent necessary to meet the provisions of
25 subsection (a)(4), uniformity among insurers in any matters within the
26 scope of this section is neither required nor prohibited.

27 (c) For the purpose of making rates upon automobiles and other
28 motor vehicles under the provisions of this chapter, the terms "fleet" or
29 "fleet policy" shall mean an insurance risk of five (5) or more
30 automobiles and other vehicles of any kind, all owned by one (1)
31 insured and all under one (1) direct operating management; provided,
32 that automobiles and other motor vehicles owned by employees may
33 not be included or insured under a fleet policy of an employer under
34 any circumstances.

35 **(d) There is a rebuttable presumption that rates filed under this**
36 **chapter are excessive if the rates fail to take into account the**
37 **reduced costs for motor vehicle repair as determined by the**
38 **commissioner under section 3.2 of this chapter.**

1 SECTION 2. IC 27-1-22-3.2 IS ADDED AS A NEW SECTION TO
2 READ AS FOLLOWS [EFFECTIVE JULY 1, 1999]: **Sec. 3.2. The**
3 **commissioner shall annually review the impact of IC 27-4-1.5 to**
4 **determine what, if any:**

5 **(1) cost savings to an insurer are attributable to the use of**
6 **used body parts under IC 27-4-1.5; and**

7 **(2) portion of the cost savings should be passed on to**
8 **consumers under section 3(d) of this chapter."**

9 Renumber all SECTIONS consecutively.

(Reference is to SB 156 as introduced.)

and when so amended that said bill do pass.

Committee Vote: Yeas 5, Nays 4.

Senator Paul, Chairperson