

Adopted	Rejected
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# COMMITTEE REPORT

<b>YES:</b>	<b>11</b>
<b>NO:</b>	<b>0</b>

## MR. SPEAKER:

*Your Committee on Insurance, to which was referred House Bill 1024, has had the same under consideration and begs leave to report the same back to the House 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 27-1-13-16, AS AMENDED BY P.L.3-2008,
- 4 SECTION 208, IS AMENDED TO READ AS FOLLOWS
- 5 [EFFECTIVE JULY 1, 2011]: Sec. 16. (a) This section applies to a
- 6 policy of insurance that:
- 7 (1) covers first party loss to property located in Indiana; and
- 8 (2) insures against loss or damage to:
- 9 (A) real property consisting of not more than four (4)
- 10 residential units, one (1) of which is the principal place of
- 11 residence of the named insured; or
- 12 (B) personal property in which the named insured has an
- 13 insurable interest and that is used within a residential dwelling
- 14 for personal, family, or household purposes.

1 (b) An insurer that reduces, restricts, or removes, through a rider or  
 2 an endorsement, coverage provided by a policy of insurance must  
 3 provide to the named insured written notice, through the United States  
 4 mail or by electronic means, of the changes to the policy. The written  
 5 notice required by this subsection must:

6 (1) be part of a document that is separate from the rider or  
 7 endorsement;

8 (2) be printed in at least 12 point type, 1 point leaded;

9 (3) consist of text that achieves a minimum score of forty (40) on  
 10 the Flesch reading ease test or an equivalent score on a  
 11 comparable test approved by the commissioner as provided by  
 12 IC 27-1-26-6;

13 (4) identify the forms, provisions, or endorsements that are  
 14 changed;

15 (5) indicate the name and contact information of

16 ~~(A) the servicing insurance producer for the policy, if any; and~~

17 ~~(B) the insurer~~

18 ~~whom that~~ the named insured may contact for assistance with any  
 19 questions concerning the policy changes;

20 (6) indicate whether a premium adjustment will result from the  
 21 policy changes; and

22 (7) set forth any options available to the named insured to  
 23 repurchase the coverage that has been reduced, restricted, or  
 24 removed.

25 (c) If the notice required under subsection (b) is sent through the  
 26 United States mail, the outside of the envelope used to mail the notice  
 27 must contain the following statement in at least 14 point type:  
 28 "Coverage has been reduced, restricted, or removed from your policy."

29 (d) The insurer bears the burden to prove that notice was sent to the  
 30 named insured in accordance with this section. If the notice is sent  
 31 through the United States mail, proof of mailing as described in  
 32 IC 27-7-6-7 is sufficient proof of the notice.

33 (e) The commissioner may adopt rules under IC 4-22-2 to  
 34 implement this section.

35 SECTION 2. IC 27-7-5-2, AS AMENDED BY P.L.124-2009,  
 36 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JULY 1, 2011]: Sec. 2. (a) Except as provided in ~~subsection~~  
 38 ~~subsections~~ (d) and (f), the insurer shall make available, in each

1 automobile liability or motor vehicle liability policy of insurance which  
2 is delivered or issued for delivery in this state with respect to any motor  
3 vehicle registered or principally garaged in this state, insuring against  
4 loss resulting from liability imposed by law for bodily injury or death  
5 suffered by any person and for injury to or destruction of property to  
6 others arising from the ownership, maintenance, or use of a motor  
7 vehicle, or in a supplement to such a policy, the following types of  
8 coverage:

9 (1) in limits for bodily injury or death and for injury to or  
10 destruction of property not less than those set forth in IC 9-25-4-5  
11 under policy provisions approved by the commissioner of  
12 insurance, for the protection of persons insured under the policy  
13 who are legally entitled to recover damages from owners or  
14 operators of uninsured or underinsured motor vehicles because of  
15 bodily injury, sickness or disease, including death, and for the  
16 protection of persons insured under the policy who are legally  
17 entitled to recover damages from owners or operators of  
18 uninsured motor vehicles for injury to or destruction of property  
19 resulting therefrom; or

20 (2) in limits for bodily injury or death not less than those set forth  
21 in IC 9-25-4-5 under policy provisions approved by the  
22 commissioner of insurance, for the protection of persons insured  
23 under the policy provisions who are legally entitled to recover  
24 damages from owners or operators of uninsured or underinsured  
25 motor vehicles because of bodily injury, sickness or disease,  
26 including death resulting therefrom.

27 The uninsured and underinsured motorist coverages must be provided  
28 by insurers for either a single premium or for separate premiums, in  
29 limits at least equal to the limits of liability specified in the bodily  
30 injury liability provisions of an insured's policy, unless such coverages  
31 have been rejected in writing by the insured. However, underinsured  
32 motorist coverage must be made available in limits of not less than fifty  
33 thousand dollars (\$50,000). At the insurer's option, the bodily injury  
34 liability provisions of the insured's policy may be required to be equal  
35 to the insured's underinsured motorist coverage. Insurers may not sell  
36 or provide underinsured motorist coverage in an amount less than fifty  
37 thousand dollars (\$50,000). Insurers must make underinsured motorist  
38 coverage available to all existing policyholders on the date of the first

1 renewal of existing policies that occurs on or after January 1, 1995, and  
2 on any policies newly issued or delivered on or after January 1, 1995.  
3 Uninsured motorist coverage or underinsured motorist coverage may  
4 be offered by an insurer in an amount exceeding the limits of liability  
5 specified in the bodily injury and property damage liability provisions  
6 of the insured's policy.

7 (b) A named insured of an automobile or motor vehicle liability  
8 policy has the right, in writing, to:

- 9 (1) reject both the uninsured motorist coverage and the  
10 underinsured motorist coverage provided for in this section; or  
11 (2) reject either the uninsured motorist coverage alone or the  
12 underinsured motorist coverage alone, if the insurer provides the  
13 coverage not rejected separately from the coverage rejected.

14 A rejection of coverage under this subsection by a named insured is a  
15 rejection on behalf of all other named insureds, all other insureds, and  
16 all other persons entitled to coverage under the policy. No insured may  
17 have uninsured motorist property damage liability insurance coverage  
18 under this section unless the insured also has uninsured motorist bodily  
19 injury liability insurance coverage under this section. Following  
20 rejection of either or both uninsured motorist coverage or underinsured  
21 motorist coverage, unless later requested in writing, the insurer need  
22 not offer uninsured motorist coverage or underinsured motorist  
23 coverage in or supplemental to a renewal or replacement policy issued  
24 to the same insured by the same insurer or a subsidiary or an affiliate  
25 of the originally issuing insurer. Renewals of policies issued or  
26 delivered in this state which have undergone interim policy  
27 endorsement or amendment do not constitute newly issued or delivered  
28 policies for which the insurer is required to provide the coverages  
29 described in this section.

30 (c) A rejection under subsection (b) must specify:

- 31 (1) that the named insured is rejecting:  
32 (A) the uninsured motorist coverage;  
33 (B) the underinsured motorist coverage; or  
34 (C) both the uninsured motorist coverage and the underinsured  
35 motorist coverage;

36 that would otherwise be provided under the policy; and

37 (2) the date on which the rejection is effective.

38 (d) An insurer is not required to make available the coverage

1 described in subsection (a) in a commercial umbrella or excess liability  
 2 policy, including a commercial umbrella or excess liability policy that  
 3 is issued or delivered to a motor carrier (as defined in IC 8-2.1-17-10)  
 4 that is in compliance with the minimum levels of financial  
 5 responsibility set forth in 49 CFR Part 387.

6 (e) A rejection under subsection (b) of uninsured motorist coverage  
 7 or underinsured motorist coverage in an underlying commercial policy  
 8 of insurance is also a rejection of uninsured motorist coverage or  
 9 underinsured motorist coverage in a commercial umbrella or excess  
 10 liability policy.

11 **(f) An insurer is not required to make available the coverage**  
 12 **described in subsection (a) in connection with coverage that:**

13 **(1) is related to or included in a commercial policy of property**  
 14 **and casualty insurance described in Class 2 or Class 3 of**  
 15 **IC 27-1-5-1; and**

16 **(2) covers a loss related to a motor vehicle that:**

17 **(A) is not owned by the insured; and**

18 **(B) is used for the business purposes of the insured."**

19 Page 3, line 26, delete ":" and insert "**do the following:**".

20 Page 3, line 27, delete "attach" and insert "Attach".

21 Page 3, line 28, delete "; and" and insert ".".

22 Page 3, delete lines 29 through 31, begin a new line block indented  
 23 and insert:

24 **"(2) At the time the complaint is filed with the court, send:**

25 **(A) by certified mail, return receipt requested; and**

26 **(B) to the last known mailing address of the insurance**  
 27 **company;**

28 **a copy of the complaint filed with the court to the insurance**  
 29 **company of record for the property that is the subject of the**  
 30 **foreclosure action.**

31 **If the creditor provides evidence that a copy of the complaint was**  
 32 **sent by the method prescribed by subdivision (2), it is not necessary**  
 33 **that the insurance company accept receipt of the copy of the**  
 34 **complaint for the creditor to satisfy the requirement of subdivision**  
 35 **(2). A creditor's failure to provide a copy of the complaint as**

1       **required by subdivision (2) does not prevent an action from**  
2       **proceeding as allowed under this chapter."**

3       Renumber all SECTIONS consecutively.  
       (Reference is to HB 1024 as introduced.)

**and when so amended that said bill do pass.**

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Representative Lehman