

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1015 be amended to read 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, 2011]: 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
21 produce rates for individual risks in accordance with rating plans
22 which establish standards for measuring variations in hazards or
23 expense provisions, or both. Such standards may measure any
24 difference among risks that can be demonstrated to have a
25 probable effect upon losses or expenses.
26 (3) The systems of expense provisions included in the rates for
27 use by any insurer or group of insurers may differ from those of
28 other insurers or groups of insurers to reflect the requirements of
29 the operating methods of any such insurer or group with respect
30 to any kind of insurance, or with respect to any subdivision or

1 combination thereof for which subdivision or combination
2 separate expense provisions are applicable.

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

5 No rate shall be held to be excessive unless such rate is unreasonably
6 high for the insurance coverage provided and a reasonable degree of
7 competition does not exist in the area with respect to the classification
8 to which such rate is applicable. No rate shall be held to be inadequate
9 unless such rate is unreasonably low for the insurance coverage
10 provided and is insufficient to sustain projected losses and expenses,
11 or unless such rate is unreasonably low for the insurance coverage
12 provided and the use of such rate has, or if continued, will have, the
13 effect of destroying competition or creating a monopoly. **A rating
14 difference that results from application of a rating plan that is
15 intended to control rate changes applicable to a current
16 policyholder upon renewal of the policy or the transfer of a policy
17 in force among insurers is not unfairly discriminatory, is not an
18 unfair or deceptive act or practice in the business of insurance
19 under IC 27-4-1-4, and is not a violation of IC 27-1-20-30.**

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

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

31 Renumber all SECTIONS consecutively.

(Reference is to EHB 1015 as printed March 25, 2011.)

Senator HOLDMAN