

SENATE BILL No. 386

DIGEST OF INTRODUCED BILL

Citations Affected: IC 9-25; IC 27-7-5.

Synopsis: Motor vehicle insurance. Increases the: (1) minimum amounts of financial responsibility required for motor vehicles; (2) amount that must be credited upon a judgment for certain damages arising from a motor vehicle accident for the judgment to be considered satisfied; and (3) policy minimums for underinsured motor vehicle insurance. Requires an insurer that issues or delivers a motor vehicle policy to offer medical expense payment coverage.

Effective: July 1, 2004.

Hume, Bray

January 12, 2004, read first time and referred to Committee on Insurance and Financial Institutions.

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Second Regular Session 113th General Assembly (2004)

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 2003 Regular Session of the General Assembly.

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SENATE BILL No. 386



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 9-25-4-5 IS AMENDED TO READ AS FOLLOWS
2 [EFFECTIVE JULY 1, 2004]: Sec. 5. Except as provided in section 6
3 of this chapter, the minimum amounts of financial responsibility are as
4 follows:

- 5 (1) Subject to the limit set forth in subdivision (2), ~~twenty-five~~
6 **fifty** thousand dollars (~~\$25,000~~) **(\$50,000)** for bodily injury to or
7 the death of one (1) individual.
- 8 (2) ~~Fifty One hundred~~ thousand dollars (~~\$50,000~~) **(\$100,000)** for
9 bodily injury to or the death of two (2) or more individuals in any
10 one (1) accident.
- 11 (3) ~~For Twenty~~ thousand dollars (~~\$10,000~~) **(\$20,000)** for damage
12 to or the destruction of property in one (1) accident.

13 SECTION 2. IC 9-25-6-5 IS AMENDED TO READ AS FOLLOWS
14 [EFFECTIVE JULY 1, 2004]: Sec. 5. (a) A judgment referred to in this
15 chapter is considered satisfied only when the following conditions are
16 fulfilled as appropriate:

- 17 (1) Subject to the limit in subdivision (2), ~~twenty-five~~ **fifty**



1 thousand dollars (~~\$25,000~~) **(\$50,000)** has been credited upon a
2 judgment rendered in excess of that amount because of bodily
3 injury to or death of one (1) person as the result of one (1)
4 accident.

5 (2) **Fifty One hundred** thousand dollars (~~\$50,000~~) **(\$100,000)** has
6 been credited upon a judgment rendered in excess of that amount
7 because of bodily injury to or death of two (2) or more persons as
8 the result of any one (1) accident.

9 (3) ~~For~~ **Twenty** thousand dollars (~~\$10,000~~) **(\$20,000)** has been
10 credited upon a judgment or judgments rendered in excess of that
11 amount because of injury to or destruction of property of others
12 as a result of any one (1) accident.

13 (4) The judgment is satisfied by payment accepted by the
14 judgment creditor in full satisfaction of all claims arising from
15 bodily injury, death, or property damage arising from the motor
16 vehicle accident involved in the judgment.

17 (b) A payment made in settlement of a claim because of bodily
18 injury, death, or property damage arising from a motor vehicle accident
19 shall be credited in reduction of the amounts provided for in this
20 section.

21 SECTION 3. IC 27-7-5-2, AS AMENDED BY P.L.233-1999,
22 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
23 JULY 1, 2004]: Sec. 2. (a) The insurer shall make available, in each
24 automobile liability or motor vehicle liability policy of insurance which
25 is delivered or issued for delivery in this state with respect to any motor
26 vehicle registered or principally garaged in this state, insuring against
27 loss resulting from liability imposed by law for bodily injury or death
28 suffered by any person and for injury to or destruction of property to
29 others arising from the ownership, maintenance, or use of a motor
30 vehicle, or in a supplement to such a policy, the following types of
31 coverage:

32 (1) in limits for bodily injury or death and for injury to or
33 destruction of property not less than those set forth in IC 9-25-4-5
34 under policy provisions approved by the commissioner of
35 insurance, for the protection of persons insured under the policy
36 who are legally entitled to recover damages from owners or
37 operators of uninsured or underinsured motor vehicles because of
38 bodily injury, sickness or disease, including death, and for the
39 protection of persons insured under the policy who are legally
40 entitled to recover damages from owners or operators of
41 uninsured motor vehicles for injury to or destruction of property
42 resulting therefrom; or

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

8 The uninsured and underinsured motorist coverages must be provided
9 by insurers for either a single premium or for separate premiums, in
10 limits at least equal to the limits of liability specified in the bodily
11 injury liability provisions of an insured's policy, unless such coverages
12 have been rejected in writing by the insured. However, underinsured
13 motorist coverage must be made available in limits of not less than ~~fifty~~
14 **one hundred** thousand dollars (~~\$50,000~~). **(\$100,000)**. At the insurer's
15 option, the bodily injury liability provisions of the insured's policy may
16 be required to be equal to the insured's underinsured motorist coverage.
17 Insurers may not sell or provide underinsured motorist coverage in an
18 amount less than ~~fifty one hundred~~ thousand dollars (~~\$50,000~~).
19 **(\$100,000)**. Insurers must make underinsured motorist coverage
20 available to all existing policyholders on the date of the first renewal
21 of existing policies that occurs on or after January 1, 1995, and on any
22 policies newly issued or delivered on or after January 1, 1995.
23 Uninsured motorist coverage or underinsured motorist coverage may
24 be offered by an insurer in an amount exceeding the limits of liability
25 specified in the bodily injury and property damage liability provisions
26 of the insured's policy.

27 (b) Any named insured of an automobile or motor vehicle liability
28 policy has the right, on behalf of all other named insureds and all other
29 insureds, in writing, to:

- 30 (1) reject both the uninsured motorist coverage and the
31 underinsured motorist coverage provided for in this section; or
32 (2) reject either the uninsured motorist coverage alone or the
33 underinsured motorist coverage alone, if the insurer provides the
34 coverage not rejected separately from the coverage rejected.

35 No insured may have uninsured motorist property damage liability
36 insurance coverage under this section unless the insured also has
37 uninsured motorist bodily injury liability insurance coverage under this
38 section. Following rejection of either or both uninsured motorist
39 coverage or underinsured motorist coverage, unless later requested in
40 writing, the insurer need not offer uninsured motorist coverage or
41 underinsured motorist coverage in or supplemental to a renewal or
42 replacement policy issued to the same insured by the same insurer or

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1 a subsidiary or an affiliate of the originally issuing insurer. Renewals
 2 of policies issued or delivered in this state which have undergone
 3 interim policy endorsement or amendment do not constitute newly
 4 issued or delivered policies for which the insurer is required to provide
 5 the coverages described in this section.

6 SECTION 4. IC 27-7-5-3.5 IS ADDED TO THE INDIANA CODE
 7 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
 8 1, 2004]: **Sec. 3.5. (a) As used in this section, "health benefit plan"**
 9 **means coverage for health care services provided under:**

- 10 (1) a policy of accident and sickness insurance (as defined in
 11 IC 27-8-5-1);
 12 (2) a contract with a health maintenance organization under
 13 IC 27-13; or
 14 (3) another benefit program that provides payment,
 15 reimbursement, or indemnification for the costs of health care
 16 services.

17 (b) As used in this section, "medical expense" means the actual
 18 expense incurred by an insured or an insurer for the following
 19 medically necessary items and services as a result of an accident
 20 covered under a motor vehicle policy of insurance described in
 21 section 2(a) of this chapter:

- 22 (1) Medical, surgical, radiological, dental, ambulance,
 23 hospital, and professional nursing services.
 24 (2) Eyeglasses.
 25 (3) Pharmaceuticals.
 26 (4) Hearing aids.
 27 (5) Prosthetic devices.

28 (c) An insurer that issues or delivers a motor vehicle liability
 29 policy of insurance described in section 2(a) of this chapter shall
 30 offer to provide medical expense payment coverage:

- 31 (1) as approved by the commissioner;
 32 (2) in an amount equal to five thousand dollars (\$5,000) per
 33 individual; and
 34 (3) for:
 35 (A) occupants of the insured motor vehicle; and
 36 (B) individuals insured under the policy.

37 (d) A named insured may, on behalf of all other insureds, reject
 38 in writing the medical expense payment coverage offered under
 39 subsection (c). However, an insured is not eligible for uninsured
 40 motorist property damage liability insurance under this chapter
 41 unless the insured also purchases medical expense payment
 42 coverage in an amount at least equal to the amount described in

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1 this section.
 2 (e) If an individual is eligible for coverage for medical expenses
 3 under:
 4 (1) medical expense payment coverage described in this
 5 section; and
 6 (2) a health benefit plan;
 7 the medical expense payment coverage is the primary coverage for
 8 purposes of coordination of benefits.
 9 SECTION 5. [EFFECTIVE JULY 1, 2004] (a) For a motor vehicle
 10 for which financial responsibility is in effect on June 30, 2004,
 11 through a motor vehicle liability policy of insurance:
 12 (1) IC 9-25-4-5, before amendment by this act, applies to the
 13 motor vehicle until the first date that the motor vehicle
 14 liability policy of insurance is issued, delivered, amended, or
 15 renewed after June 30, 2004, after which time IC 9-25-4-5, as
 16 amended by this act, applies to the motor vehicle; and
 17 (2) IC 9-25-6-5, before amendment by this act, applies to a
 18 judgment (as defined in IC 9-25-6-4) that arises from the use
 19 of the motor vehicle until the first date that the motor vehicle
 20 liability policy of insurance is issued, delivered, amended, or
 21 renewed after June 30, 2004, after which time IC 9-25-6-5, as
 22 amended by this act, applies to a judgement that arises from
 23 the use of the motor vehicle.
 24 (b) IC 27-7-5-2, as amended by this act, applies to underinsured
 25 motorist coverage that is issued, delivered, amended, or renewed
 26 after June 30, 2004.
 27 (c) IC 27-7-5-3.5, as added by this act, applies to the issuance,
 28 delivery, amendment, or renewal of a motor vehicle liability policy
 29 of insurance after June 30, 2004.

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