
HOUSE BILL No. 1219

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-1-22-26.1; IC 27-4-1-4.

Synopsis: Military motor vehicle insurance rating. Prohibits an insurer from setting the premium rate for a motor vehicle insurance policy for a member of the armed forces at an amount higher than an amount charged for an individual who is not in the armed forces.

Effective: July 1, 2005.

Koch

January 6, 2005, read first time and referred to Committee on Insurance.

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First Regular Session 114th General Assembly (2005)

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 2004 Regular Session of the General Assembly.

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HOUSE BILL No. 1219



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 27-1-22-26.1 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2005]: **Sec. 26.1. (a) As used in this section,**
4 **"armed forces" means the active and reserve components of the**
5 **following:**

- 6 (1) **The United States Army.**
- 7 (2) **The United States Navy.**
- 8 (3) **The United States Air Force.**
- 9 (4) **The United States Marine Corps.**
- 10 (5) **The United States Coast Guard.**
- 11 (6) **The Indiana National Guard.**
- 12 **(b) This section applies only to an individual who is:**
- 13 (1) **applying for or renewing a policy of motor vehicle**
- 14 **insurance; and**
- 15 (2) **-serving in one (1) of the armed forces.**
- 16 **(c) As used in this section, "motor vehicle insurance" means any**
- 17 **type of insurance described in IC 27-1-5-1, Class 2(f).**



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(d) As used in this chapter, "rating plan" means the rating schedule or rating plan of an insurer:

- (1) concerning premium rates for motor vehicle insurance;**
- (2) that has been filed with the commissioner; and**
- (3) that is in effect under section 4 of this chapter.**

(e) An insurer may not set the premium rate for a policy of motor vehicle insurance for an individual described in subsection (b) at an amount higher than the applicable rate set forth in the rating plan for an individual who is not described in subsection (b).

(f) A violation of this section is an unfair and deceptive act or practice in the business of insurance under IC 27-4-1-4.

SECTION 2. IC 27-4-1-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. The following are hereby defined as unfair methods of competition and unfair and deceptive acts and practices in the business of insurance:

- (1) Making, issuing, circulating, or causing to be made, issued, or circulated, any estimate, illustration, circular, or statement:
 - (A) misrepresenting the terms of any policy issued or to be issued or the benefits or advantages promised thereby or the dividends or share of the surplus to be received thereon;
 - (B) making any false or misleading statement as to the dividends or share of surplus previously paid on similar policies;
 - (C) making any misleading representation or any misrepresentation as to the financial condition of any insurer, or as to the legal reserve system upon which any life insurer operates;
 - (D) using any name or title of any policy or class of policies misrepresenting the true nature thereof; or
 - (E) making any misrepresentation to any policyholder insured in any company for the purpose of inducing or tending to induce such policyholder to lapse, forfeit, or surrender the policyholder's insurance.
- (2) Making, publishing, disseminating, circulating, or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated, or placed before the public, in a newspaper, magazine, or other publication, or in the form of a notice, circular, pamphlet, letter, or poster, or over any radio or television station, or in any other way, an advertisement, announcement, or statement containing any assertion, representation, or statement with respect to any person in the conduct of the person's insurance business, which is untrue,

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deceptive, or misleading.
(3) Making, publishing, disseminating, or circulating, directly or indirectly, or aiding, abetting, or encouraging the making, publishing, disseminating, or circulating of any oral or written statement or any pamphlet, circular, article, or literature which is false, or maliciously critical of or derogatory to the financial condition of an insurer, and which is calculated to injure any person engaged in the business of insurance.
(4) Entering into any agreement to commit, or individually or by a concerted action committing any act of boycott, coercion, or intimidation resulting or tending to result in unreasonable restraint of, or a monopoly in, the business of insurance.
(5) Filing with any supervisory or other public official, or making, publishing, disseminating, circulating, or delivering to any person, or placing before the public, or causing directly or indirectly, to be made, published, disseminated, circulated, delivered to any person, or placed before the public, any false statement of financial condition of an insurer with intent to deceive. Making any false entry in any book, report, or statement of any insurer with intent to deceive any agent or examiner lawfully appointed to examine into its condition or into any of its affairs, or any public official to which such insurer is required by law to report, or which has authority by law to examine into its condition or into any of its affairs, or, with like intent, willfully omitting to make a true entry of any material fact pertaining to the business of such insurer in any book, report, or statement of such insurer.
(6) Issuing or delivering or permitting agents, officers, or employees to issue or deliver, agency company stock or other capital stock, or benefit certificates or shares in any common law corporation, or securities or any special or advisory board contracts or other contracts of any kind promising returns and profits as an inducement to insurance.
(7) Making or permitting any of the following:
(A) Unfair discrimination between individuals of the same class and equal expectation of life in the rates or assessments charged for any contract of life insurance or of life annuity or in the dividends or other benefits payable thereon, or in any other of the terms and conditions of such contract; however, in determining the class, consideration may be given to the nature of the risk, plan of insurance, the actual or expected expense of conducting the business, or any other relevant factor.

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(B) Unfair discrimination between individuals of the same class involving essentially the same hazards in the amount of premium, policy fees, assessments, or rates charged or made for any policy or contract of accident or health insurance or in the benefits payable thereunder, or in any of the terms or conditions of such contract, or in any other manner whatever; however, in determining the class, consideration may be given to the nature of the risk, the plan of insurance, the actual or expected expense of conducting the business, or any other relevant factor.

(C) Excessive or inadequate charges for premiums, policy fees, assessments, or rates, or making or permitting any unfair discrimination between persons of the same class involving essentially the same hazards, in the amount of premiums, policy fees, assessments, or rates charged or made for:

- (i) policies or contracts of reinsurance or joint reinsurance, or abstract and title insurance;
- (ii) policies or contracts of insurance against loss or damage to aircraft, or against liability arising out of the ownership, maintenance, or use of any aircraft, or of vessels or craft, their cargoes, marine builders' risks, marine protection and indemnity, or other risks commonly insured under marine, as distinguished from inland marine, insurance; or
- (iii) policies or contracts of any other kind or kinds of insurance whatsoever.

However, nothing contained in clause (C) shall be construed to apply to any of the kinds of insurance referred to in clauses (A) and (B) nor to reinsurance in relation to such kinds of insurance. Nothing in clause (A), (B), or (C) shall be construed as making or permitting any excessive, inadequate, or unfairly discriminatory charge or rate or any charge or rate determined by the department or commissioner to meet the requirements of any other insurance rate regulatory law of this state.

(8) Except as otherwise expressly provided by law, knowingly permitting or offering to make or making any contract or policy of insurance of any kind or kinds whatsoever, including but not in limitation, life annuities, or agreement as to such contract or policy other than as plainly expressed in such contract or policy issued thereon, or paying or allowing, or giving or offering to pay, allow, or give, directly or indirectly, as inducement to such insurance, or annuity, any rebate of premiums payable on the contract, or any special favor or advantage in the dividends,

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1 savings, or other benefits thereon, or any valuable consideration
 2 or inducement whatever not specified in the contract or policy; or
 3 giving, or selling, or purchasing or offering to give, sell, or
 4 purchase as inducement to such insurance or annuity or in
 5 connection therewith, any stocks, bonds, or other securities of any
 6 insurance company or other corporation, association, limited
 7 liability company, or partnership, or any dividends, savings, or
 8 profits accrued thereon, or anything of value whatsoever not
 9 specified in the contract. Nothing in this subdivision and
 10 subdivision (7) shall be construed as including within the
 11 definition of discrimination or rebates any of the following
 12 practices:

13 (A) Paying bonuses to policyholders or otherwise abating their
 14 premiums in whole or in part out of surplus accumulated from
 15 nonparticipating insurance, so long as any such bonuses or
 16 abatement of premiums are fair and equitable to policyholders
 17 and for the best interests of the company and its policyholders.

18 (B) In the case of life insurance policies issued on the
 19 industrial debit plan, making allowance to policyholders who
 20 have continuously for a specified period made premium
 21 payments directly to an office of the insurer in an amount
 22 which fairly represents the saving in collection expense.

23 (C) Readjustment of the rate of premium for a group insurance
 24 policy based on the loss or expense experience thereunder, at
 25 the end of the first year or of any subsequent year of insurance
 26 thereunder, which may be made retroactive only for such
 27 policy year.

28 (D) Paying by an insurer or insurance producer thereof duly
 29 licensed as such under the laws of this state of money,
 30 commission, or brokerage, or giving or allowing by an insurer
 31 or such licensed insurance producer thereof anything of value,
 32 for or on account of the solicitation or negotiation of policies
 33 or other contracts of any kind or kinds, to a broker, an
 34 insurance producer, or a solicitor duly licensed under the laws
 35 of this state, but such broker, insurance producer, or solicitor
 36 receiving such consideration shall not pay, give, or allow
 37 credit for such consideration as received in whole or in part,
 38 directly or indirectly, to the insured by way of rebate.

39 (9) Requiring, as a condition precedent to loaning money upon the
 40 security of a mortgage upon real property, that the owner of the
 41 property to whom the money is to be loaned negotiate any policy
 42 of insurance covering such real property through a particular

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1 insurance producer or broker or brokers. However, this
2 subdivision shall not prevent the exercise by any lender of the
3 lender's right to approve or disapprove of the insurance company
4 selected by the borrower to underwrite the insurance.

5 (10) Entering into any contract, combination in the form of a trust
6 or otherwise, or conspiracy in restraint of commerce in the
7 business of insurance.

8 (11) Monopolizing or attempting to monopolize or combining or
9 conspiring with any other person or persons to monopolize any
10 part of commerce in the business of insurance. However,
11 participation as a member, director, or officer in the activities of
12 any nonprofit organization of insurance producers or other
13 workers in the insurance business shall not be interpreted, in
14 itself, to constitute a combination in restraint of trade or as
15 combining to create a monopoly as provided in this subdivision
16 and subdivision (10). The enumeration in this chapter of specific
17 unfair methods of competition and unfair or deceptive acts and
18 practices in the business of insurance is not exclusive or
19 restrictive or intended to limit the powers of the commissioner or
20 department or of any court of review under section 8 of this
21 chapter.

22 (12) Requiring as a condition precedent to the sale of real or
23 personal property under any contract of sale, conditional sales
24 contract, or other similar instrument or upon the security of a
25 chattel mortgage, that the buyer of such property negotiate any
26 policy of insurance covering such property through a particular
27 insurance company, insurance producer, or broker or brokers.
28 However, this subdivision shall not prevent the exercise by any
29 seller of such property or the one making a loan thereon of the
30 right to approve or disapprove of the insurance company selected
31 by the buyer to underwrite the insurance.

32 (13) Issuing, offering, or participating in a plan to issue or offer,
33 any policy or certificate of insurance of any kind or character as
34 an inducement to the purchase of any property, real, personal, or
35 mixed, or services of any kind, where a charge to the insured is
36 not made for and on account of such policy or certificate of
37 insurance. However, this subdivision shall not apply to any of the
38 following:

39 (A) Insurance issued to credit unions or members of credit
40 unions in connection with the purchase of shares in such credit
41 unions.

42 (B) Insurance employed as a means of guaranteeing the

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- 1 performance of goods and designed to benefit the purchasers
 2 or users of such goods.
 3 (C) Title insurance.
 4 (D) Insurance written in connection with an indebtedness and
 5 intended as a means of repaying such indebtedness in the
 6 event of the death or disability of the insured.
 7 (E) Insurance provided by or through motorists service clubs
 8 or associations.
 9 (F) Insurance that is provided to the purchaser or holder of an
 10 air transportation ticket and that:
 11 (i) insures against death or nonfatal injury that occurs during
 12 the flight to which the ticket relates;
 13 (ii) insures against personal injury or property damage that
 14 occurs during travel to or from the airport in a common
 15 carrier immediately before or after the flight;
 16 (iii) insures against baggage loss during the flight to which
 17 the ticket relates; or
 18 (iv) insures against a flight cancellation to which the ticket
 19 relates.
 20 (14) Refusing, because of the for-profit status of a hospital or
 21 medical facility, to make payments otherwise required to be made
 22 under a contract or policy of insurance for charges incurred by an
 23 insured in such a for-profit hospital or other for-profit medical
 24 facility licensed by the state department of health.
 25 (15) Refusing to insure an individual, refusing to continue to issue
 26 insurance to an individual, limiting the amount, extent, or kind of
 27 coverage available to an individual, or charging an individual a
 28 different rate for the same coverage, solely because of that
 29 individual's blindness or partial blindness, except where the
 30 refusal, limitation, or rate differential is based on sound actuarial
 31 principles or is related to actual or reasonably anticipated
 32 experience.
 33 (16) Committing or performing, with such frequency as to
 34 indicate a general practice, unfair claim settlement practices (as
 35 defined in section 4.5 of this chapter).
 36 (17) Between policy renewal dates, unilaterally canceling an
 37 individual's coverage under an individual or group health
 38 insurance policy solely because of the individual's medical or
 39 physical condition.
 40 (18) Using a policy form or rider that would permit a cancellation
 41 of coverage as described in subdivision (17).
 42 (19) Violating IC 27-1-22-25, or IC 27-1-22-26, or

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- 1 **IC 27-1-22-26.1** concerning motor vehicle insurance rates.
- 2 (20) Violating IC 27-8-21-2 concerning advertisements referring
- 3 to interest rate guarantees.
- 4 (21) Violating IC 27-8-24.3 concerning insurance and health plan
- 5 coverage for victims of abuse.
- 6 (22) Violating IC 27-8-26 concerning genetic screening or testing.
- 7 (23) Violating IC 27-1-15.6-3(b) concerning licensure of
- 8 insurance producers.
- 9 (24) Violating IC 27-1-38 concerning depository institutions.
- 10 (25) Violating IC 27-8-28-17(c) or IC 27-13-10-8(c) concerning
- 11 the resolution of an appealed grievance decision.
- 12 (26) Violating IC 27-8-5-2.5(e) through IC 27-8-5-2.5(j) or
- 13 IC 27-8-5-19.2.
- 14 (27) Violating IC 27-2-21 concerning use of credit information.

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