

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6380

BILL NUMBER: SB 120

NOTE PREPARED: Dec 9, 2011

BILL AMENDED:

SUBJECT: Motor Vehicle Insurance Claim Settlement.

FIRST AUTHOR: Sen. Yoder

FIRST SPONSOR:

BILL STATUS: As Introduced

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill requires a motor vehicle insurer to make a good faith effort to contact a policyholder and any other individual necessary to resolve a claim for damage to a third party. The bill requires settlement of certain claims after 30 days. The bill also makes a violation of the requirement an unfair claim settlement practice.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill provides that a violation of the motor vehicle insurance claim settlement requirements contained in the bill constitutes an unfair claim settlement. To the extent insurance providers are found to have engaged in unfair claim settlements, this bill will increase workload of the Department of Insurance to investigate allegations and undertake adjudicative proceedings to determine if an unfair claim settlement has been committed.

Explanation of State Revenues: If this bill increases the number of unfair claim settlements discovered by the Department of Insurance, revenue to the General Fund will increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair claim settlement. Actual increases in revenue are unknown.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Bill Brumbach, 232-9559.