

Members

Sen. Travis Holdman, Chairperson
Sen. James Smith
Sen. Frank Mrvan
Sen. Greg Taylor
Rep. Matthew Lehman, Vice-Chairperson
Rep. Robert Heaton
Rep. Ed DeLaney
Rep. Terri Austin



INTERIM STUDY COMMITTEE ON INSURANCE

LSA Staff:

Randhir Jha, Fiscal Analyst for the Committee
Ann Naughton, Attorney for the Committee

Authority: IC 2-5-33.3

Legislative Services Agency
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Indianapolis, Indiana 46204-2789
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MEETING MINUTES¹

Meeting Date: October 21, 2013
Meeting Time: 10:00 A.M.
Meeting Place: State House, 200 W. Washington St.,
Room 233
Meeting City: Indianapolis, Indiana
Meeting Number: 5

Members Present: Sen. Travis Holdman, Chairperson; Sen. James Smith;
Sen. Frank Mrvan; Rep. Matthew Lehman, Vice-Chairperson;
Rep. Ed DeLaney; Rep. Terri Austin.

Members Absent: Rep. Robert Heaton; Sen. Greg Taylor.

Senator Travis Holdman, chairman of the Committee, called the meeting to order at approximately 10:10 am.

Discussion on Uninsured Motorists

Representative Austin expressed her concern that an individual who does not own a motor vehicle must show proof of financial responsibility under current law to reinstate a suspended driver's license. She proposed language (Exhibit 1) to allow such an individual to reinstate the driver's license without providing such proof. Following considerable discussion by the Committee, the Committee, by a roll call vote of 5-1, approved Representative Austin's proposed language for inclusion in PD 3275.

Senator Holdman introduced PD 3275 (Exhibit 2), which: (a) includes the language of PD 3182, as amended and approved by the Committee on October 9, 2013; and (b) provides a six-month delay in effectiveness of the driver's license reinstatement fee increase. Senator Holdman requested that Ms. Naughton read proposed language to be added to PD 3275 to provide the

¹These minutes, exhibits, and other materials referenced in the minutes can be viewed electronically at <http://www.in.gov/legislative>. Hard copies can be obtained in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for hard copies may be mailed to the Legislative Information Center, Legislative Services Agency, West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for hard copies.

Bureau of Motor Vehicles, for a six-month period, the authority to reduce certain outstanding driver's license reinstatement fees. Following Committee discussion, the Committee approved PD 3275: (a) to replace PD 3182, as amended and approved by the Committee on October 9, 2013; and (b) as amended with: (1) Representative Austin's language; and (2) the language read by Ms. Naughton; by a voice vote of 5-1.

Lawsuit Lending

Representative Lehman said that the Committee had vibrant discussions on the topic. He added that the industry and the consumer advocates were able to present their arguments related to regulating the lawsuit lending industry. He suggested that lawsuit lending should be regulated separately from loans. He said that he intends to introduce legislation in the 2014 session that will provide guidelines to regulate this industry.

Representative Austin said that the Committee should make recommendations keeping in mind that the Governor has set a goal to reduce the number of regulations adopted by the state agencies.

Representative Ed Delaney spoke against regulating the lawsuit lending industry.

A motion to recommend drafting and introducing a bill to regulate lawsuit lending as proposed by Representative Lehman in the 2014 session failed by a roll call vote of 4-2 for lack of a majority.

Release of Liens on Mortgage Property

Senator Holdman briefly described the issue which was assigned to the Committee for study during this interim. He informed the Committee that this topic related to title insurance was not discussed in detail because the industry did not provide requested information related to the issues.

Final Report

Senator Holdman provided a summary of the Committee's work, stating that the Committee recommendations are included in the final report (Exhibit 3). He noted the Committee recommendations on the subject of uninsured motorists. He said that the members engaged in extensive and useful discussions on the subject of Workers Compensation Insurance and Lawsuit Lending. The Committee made no recommendations on those topics.

A motion was made and seconded to approve the final report as amended with the work of the Committee during this meeting. The Committee adopted the final report with a voice vote of 5-1.

Allows a person who does not own a motor vehicle to reinstate a suspended driver's license or driving privileges without showing proof of financial responsibility.

**Exhibit 1
Interim Study Committee
on Insurance
Meeting 5, 10/21/2013**

SECTION 1. IC 9-25-5-7, AS AMENDED BY P.L.59-2013, SECTION 14, IS AMENDED TO READ AS FOLLOWS: Sec. 7. Whenever a person required to give proof of financial responsibility under this article is not the owner of a motor vehicle, **the following apply:**

(1) If the person seeks only to reinstate the person's suspended driver's license or driving privileges, the person is not required to give proof of financial responsibility.

(2) If subdivision (1) does not apply, an operator's policy of liability insurance is sufficient proof of financial responsibility.



PRELIMINARY DRAFT
No. 3275

PREPARED BY
LEGISLATIVE SERVICES AGENCY
2014 GENERAL ASSEMBLY

DIGEST

Citations Affected: IC 9-13-2-150.7; IC 9-25-8; IC 9-29-10-1.

Synopsis: Financial responsibility for motor vehicles. Specifies that the term "registration" in certain motor vehicle law concerning financial responsibility includes the license plate issued in connection with the registration of a vehicle. Provides for suspension of a vehicle registration as a consequence of operation of the vehicle without financial responsibility in effect. Increases driver's license reinstatement fees for reinstatements after December 31, 2013. Requires proof of future financial responsibility for five years for three or more offenses of operating a vehicle without financial responsibility in effect.

Effective: July 1, 2014.

20141414

PD 3275/DI 97+

2014

Exhibit 2
Interim Study Committee
on Insurance
Meeting 5, 10/21/2013



A BILL FOR AN ACT to amend the Indiana Code concerning motor vehicles.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 9-13-2-150.7 IS ADDED TO THE INDIANA
2 CODE AS A NEW SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2014]: **Sec. 150.7. "Registration", for**
4 **purposes of IC 9-25-8, with respect to a vehicle, includes the license**
5 **plate that is issued by the bureau in connection with the**
6 **registration of the vehicle.**

7 SECTION 2. IC 9-25-8-2, AS AMENDED BY P.L.59-2013,
8 SECTION 30, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
9 JULY 1, 2014]: Sec. 2. (a) A person who knowingly:

10 (1) operates; or

11 (2) permits the operation of;

12 a motor vehicle on a public highway in Indiana without financial
13 responsibility in effect as set forth in IC 9-25-4-4 commits a Class A
14 infraction. However, the offense is a Class C misdemeanor if the
15 person knowingly or intentionally violates this section and has a prior
16 unrelated conviction or judgment under this section.

17 (b) Subsection (a)(2) applies to:

18 (1) the owner of a rental company under IC 9-25-6-3(f)(1); and

19 (2) an employer under IC 9-25-6-3(f)(2).

20 (c) In addition to any other penalty imposed on a person for
21 violating this section, the court shall recommend the suspension of the
22 person's driving privileges for at least ninety (90) days but not more
23 than one (1) year. However, if, within the five (5) years preceding the
24 conviction under this section, the person had a prior unrelated
25 conviction under this section, the court shall recommend the
26 suspension of the person's driving privileges **and vehicle registration**
27 for one (1) year.

28 (d) Upon receiving the recommendation of the court under
29 subsection (c), the bureau shall suspend the person's driving privileges
30 **and vehicle registration, as applicable**, for the period recommended
31 by the court. If no suspension is recommended by the court, or if the



1 court recommends a fixed term that is less than the minimum term
2 required by statute, the bureau shall impose the minimum period of
3 suspension required under this article.

4 SECTION 3. IC 9-25-8-6, AS ADDED BY P.L.59-2013, SECTION
5 31, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1,
6 2014]: Sec. 6. (a) This section applies to a person:

- 7 (1) who is convicted of;
- 8 (2) against whom a judgment is entered for;
- 9 (3) against whom the bureau has taken administrative action for;
- 10 or
- 11 (4) who the bureau otherwise determines was;

12 operating a motor vehicle without financial responsibility in violation
13 of this article.

14 (b) A person described in subsection (a) must provide proof of
15 future financial responsibility:

- 16 (1) **for a first or second offense**, for a period of three (3) years;
- 17 **or**
- 18 (2) **for a third or subsequent offense, for a period of five (5)**
- 19 **years;**

20 beginning on the date on which the suspension of the person's driving
21 privileges terminates.

22 SECTION 4. IC 9-29-10-1 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2014]: Sec. 1. (a) The fee for the
24 reinstatement of a driving license that was suspended under IC 9-25 is
25 as follows:

- 26 (1) For a first suspension, ~~one two~~ hundred fifty dollars (~~\$150~~);
- 27 **(\$250).**
- 28 (2) For a second suspension, ~~two five~~ hundred ~~twenty-five~~ dollars
- 29 (~~\$225~~); **(\$500).**
- 30 (3) For a third or subsequent suspension, ~~three hundred one~~
- 31 **thousand** dollars (~~\$300~~); **(\$1,000).**

32 (b) The following amount of each fee paid under this section shall
33 be deposited in the financial responsibility compliance verification
34 fund established by IC 9-25-9-7:

- 35 (1) Of the fee paid for reinstatement after a first suspension, one
- 36 hundred twenty dollars (\$120).
- 37 (2) Of the fee paid for reinstatement after a second suspension,
- 38 one hundred ninety-five dollars (\$195).
- 39 (3) Of the fee paid for reinstatement after a third or subsequent
- 40 suspension, two hundred seventy dollars (\$270).

41 (c) If:

- 42 (1) a person's driving license is suspended for registering or
- 43 operating a vehicle in violation of IC 9-25-4-1;
- 44 (2) the person is required to pay a fee for the reinstatement of the
- 45 person's license under this section; and
- 46 (3) the person later establishes that the person did not register or



1 operate a vehicle in violation of IC 9-25-4-1;
2 the fee paid by the person under this section shall be refunded.
3 SECTION 5. [EFFECTIVE JULY 1, 2014] (a) **IC 9-29-10-1, as**
4 **amended by this act, applies to reinstatement of a driving license**
5 **after December 31, 2014.**
6 **(b) This SECTION expires January 1, 2015.**



Interim Study Committee on Insurance

Membership Roster

Senators

Representatives

Legislative Services Agency Staff

November 1, 2013

A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.

FINAL REPORT

Interim Study Committee on Insurance

I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES

In 2011, the Indiana General Assembly enacted IC 2-5-33.3 establishing the Committee to study insurance in Indiana as follows:

- (1) Issues determined by the chairperson of the committee.
- (2) Issues assigned by the Legislative Council.
- (3) Issues regulated under IC 27.
- (4) Worker's compensation insurance.

The Legislative Council assigned the following additional responsibilities to the Committee for the 2013 Interim:

- (1) Consumer lawsuit lending (HEA 1558-2013, SECTION 1).
- (2) Release of liens on mortgaged property (HEA 1132-2013, SECTION 3).
- (3) Uninsured motorists (HEA 1098-2013, SECTION 1).

The subject of worker's compensation insurance was also considered by the Committee during the Interim.

II. INTRODUCTION AND REASONS FOR STUDY

Current Indiana law contained in IC 27 governs regulation of insurance companies (including worker's compensation insurance companies) doing business in Indiana and insurance-related matters affecting Indiana residents. Additionally, IC 22 regulates Indiana's worker's compensation system.

The Committee was established to facilitate the study of insurance-related issues that require more extensive study than is feasible during a session of the General Assembly and to annually report its findings and recommendations for any proposed legislation to the Legislative Council.

III. SUMMARY OF WORK PROGRAM

The Committee met five times during the 2013 interim.

First Meeting

The first meeting of the Committee was held on August 9, 2013. The Committee considered testimony concerning uninsured motorists in Indiana.

Second Meeting

The second meeting of the Committee was held on August 22, 2013. The Committee heard testimony and discussed the following two topics:

- (1) Uninsured motorists in Indiana.
- (2) Worker's compensation insurance in Indiana.

Third Meeting

The third meeting of the Committee was held on September 4, 2013. The Committee heard testimony and discussed the following two topics:

- (1) Uninsured motorists in Indiana.
- (2) Worker's compensation insurance in Indiana.

Fourth Meeting

The fourth meeting of the Committee was held on October 9, 2013. The Committee heard testimony and discussed the following three topics:

- (1) Uninsured motorists in Indiana.
- (2) Worker's compensation insurance in Indiana.
- (3) Lawsuit lending.

Fifth Meeting

The fifth meeting of the Committee was held on October 21, 2013. The Committee considered proposed legislation and its final report to the General Assembly for the 2013 interim.

IV. SUMMARY OF TESTIMONY

Minutes and attachments containing more detailed information concerning the Committee's 2013 interim work may be found at <http://www.in.gov/legislative/>

The Committee heard testimony from representatives of the following groups:

- (1) American Legal Finance Association
- (2) Fairpay Solutions
- (3) Independent Insurance Agents of Indiana
- (4) Indiana Bureau of Motor Vehicles
- (5) Indiana Chamber of Commerce
- (6) Indiana Department of Financial Institutions
- (7) Indiana Hospital Association
- (8) Indiana State Chiropractic Association

- (9) Indiana Trial Lawyers Association.
- (10) Indiana Worker's Compensation Board
- (11) Indiana Manufacturer's Association
- (12) Insurance Institute of Indiana
- (13) Liberty Mutual Insurance
- (14) Oasis Legal Finance
- (15) State Farm Insurance
- (16) U.S. Chamber of Commerce

Uninsured Motorists in Indiana

The Committee heard testimony about the recent state legislative work related to uninsured motorists. The Committee received estimates of rate of uninsured motorists for all states published by the Insurance Research Council. The Committee was provided with information related to enforcement and administrative measures and socio-economic factors in states with high and low rates of uninsured motorists. The members were specifically interested in and received information about the enforcement of uninsured motorist laws in Indiana. The members discussed the potential ways to reduce the rate of uninsured motorists in Indiana.

Worker's Compensation Insurance in Indiana

The Committee heard testimony concerning the following:

- (1) Reimbursement to medical service providers.
- (2) Reimbursement to physician groups owned by hospitals.
- (3) Reimbursement for implants.
- (4) The use of inpatient care vs. outpatient care.

Lawsuit Lending

The Committee heard testimony concerning various options to regulate lawsuit lending in the state. The Committee was provided with information about lawsuit lending in other states and countries. Some witnesses testified that lawsuit lending complicates the claims and litigation process, increases the average case time, and increases the number of cases. The Committee was provided with model legislation to regulate lawsuit lending. Other witnesses testified about the importance of lawsuit lending to plaintiffs. They argued that treating lawsuit lending as a loan would drive such lenders out of business. The Committee discussed the idea of capping the interest rate lawsuit lenders could charge.

Release of Liens on Mortgage Property

The Committee did not receive information from the industry concerning the issue.

V. COMMITTEE FINDINGS AND RECOMMENDATIONS

Uninsured Motorists

The Committee recommends PD 3275 concerning motor vehicle financial responsibility violations, as amended by a vote of 5-1 for introduction during the 2014 session of the General Assembly. PD 3275, as amended, includes the recommendations in PD 3182 approved by the Committee in its fourth meeting. It also includes changes proposed by Representative Austin and Senator Holdman in the Committee's final meeting.

Workers Compensation

The Committee finds that its study of specific issues related to worker's compensation insurance during this interim provided the members with a better understanding of those issues, which should help the members in their work toward resolution of the issues. The Committee recommends that the General Assembly and interested parties continue to work towards resolution of the issues.

Lawsuit Lending

The Committee made no findings or recommendations.

Release of Liens on Mortgage Property

The Committee made no findings or recommendations.

WITNESS LIST

- (1) Charles Burhan, Liberty Mutual Insurance
- (2) Connie Gustafson, Indiana Department of Financial Institutions
- (3) Ed Roberts, Indiana Manufacturer's Association
- (4) Elizabeth Murphy, Indiana Bureau of Motor Vehicles
- (5) Eric Schuller, Oasis Legal Finance
- (6) Jeremy Kidd, Mercer University
- (7) Jon Zarich, Insurance Institute of Indiana, State Farm Insurance
- (8) Kelly Gilroy, American Legal Finance Association
- (9) Linda Hamilton, Indiana Worker's Compensation Board
- (10) Lori Browne, Fairpay Solutions
- (11) Marty Wood, Insurance Institute of Indiana
- (12) Mike Ripley, Indiana Chamber of Commerce
- (13) Pat McGuffey, Indiana State Chiropractic Association
- (14) Sarah Graziano, Attorney at Law
- (15) Steve Duff, Independent Insurance Agents of Indiana
- (16) Thurbert Baker, U.S. Chamber of Commerce
- (17) Tim Kennedy, Indiana Hospital Association
- (18) Warren Mathies, Indiana Trial Lawyers Association