

As Introduced

**133rd General Assembly
Regular Session
2019-2020**

S. B. No. 154

**Senator Maharath
Cosponsor: Senator Fedor**

A BILL

To amend section 3937.02, to enact new section 1
3937.021, and to repeal section 3937.021 of the 2
Revised Code to limit the factors insurers can 3
consider when setting premium rates. 4

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That section 3937.02 be amended and new section 5
3937.021 of the Revised Code be enacted to read as follows: 6

Sec. 3937.02. All casualty rates, except for motor vehicle 7
insurance, which are to be set only in accordance with section 8
3937.021 of the Revised Code, shall be made in accordance with 9
the following: 10

(A) Due consideration shall be given to: 11

(1) Past and prospective loss experience within and 12
outside this state; 13

(2) The experience or judgment, or both, of the insurer or 14
rating organization making the rate; 15

(3) The experience of other insurers or rating 16
organizations; 17

(4) Physical hazards;	18
(5) Catastrophe hazards;	19
(6) A reasonable margin for underwriting profit and contingencies;	20 21
(7) Dividends, savings, or unabsorbed premium deposits allowed or returned by insurers to their policyholders, members, or subscribers;	22 23 24
(8) Past and prospective expenses both countrywide and those specially applicable to this state;	25 26
(9) All other relevant factors within and outside this state.	27 28
(B) The systems of expense provisions included in the rates for use by any insurer or group of insurers may differ from those of other insurers or groups of insurers to reflect the requirements of the operating methods of any such insurer or group with respect to any kind of insurance, or with respect to any subdivision or combination thereof for which separate expense provisions are applicable.	29 30 31 32 33 34 35
(C) Risks may be grouped by classifications for the establishment of rates and minimum premiums. Classification rates may be modified to produce rates for individual risks in accordance with rating plans which establish standards for measuring variations in hazards or expense provisions, or both. Such standards may measure any differences among risks that can be demonstrated to have a probable effect upon losses or expenses.	36 37 38 39 40 41 42 43
Classifications or modifications of classifications, or any portion or any division thereof, of risks may be predicated	44 45

upon size, expense, management, individual experience, purpose 46
of insurance, location or dispersion of hazard, or any other 47
reasonable considerations, provided such classifications and 48
modifications apply to all risks under the same or substantially 49
the same circumstances or conditions. Classification rates may 50
also be modified to produce rates for individual or special 51
risks which are not susceptible to measurement by any 52
established standards. 53

(D) Rates shall not be excessive, inadequate, or unfairly 54
discriminatory. 55

Except to the extent necessary to comply with division (D) 56
of this section, uniformity among insurers in any matters within 57
the scope of this section is not required. 58

Sections 3937.01 to 3937.17, inclusive, of the Revised 59
Code do not prohibit or regulate the payment of dividends, 60
savings, or unabsorbed premium deposits allowed or returned by 61
insurers to their policyholders, members, or subscribers. No 62
plan for the payment of dividends, savings, or unabsorbed 63
premium deposits allowed or returned by insurers to their 64
policyholders, members, or subscribers shall be deemed to be a 65
rating plan or system. 66

Such sections do not abridge or restrict the freedom of 67
contract of insurers, agents, or brokers with reference to the 68
amount of commissions or fees to be paid to such agents or 69
brokers by insurers, and such payments are expressly authorized. 70

Two or more insurers, not members of or subscribers to a 71
rating organization, may act in concert in the making or use of 72
rates when executing fidelity or surety bonds through cosurety 73
or reinsurance, or when affiliated through common ownership, 74

management, or control. 75

Sec. 3937.021. (A) Except as otherwise provided in this 76
section, rates and premiums for motor vehicle insurance shall be 77
determined using only the following factors: 78

(1) The insured's certified abstract furnished by the 79
registrar of motor vehicles pursuant to section 4509.05 of the 80
Revised Code; 81

(2) The number of miles the insured drives annually; 82

(3) The number of years of driving experience the insured 83
has had; 84

(4) Any other factors that the superintendent of insurance 85
determines to be necessary, as prescribed in rule. 86

(B) In applying factors under division (A) of this 87
section, an insurer shall give the greatest weight to the factor 88
in division (A) (1) of this section, the second greatest weight 89
to the factor in division (A) (2) of this section, the third 90
greatest weight to the factor in division (A) (3) of this 91
section, and the least weight to any factors adopted in rule by 92
the superintendent under division (A) (4) of this section. 93

(C) (1) Subject to division (D) of this section, the 94
factors adopted by the superintendent under division (A) (4) of 95
this section may include any factor that is expressly allowed 96
for establishing rates for casualty insurance under another 97
section of this chapter or any other factor that has a 98
substantial relationship to the risk of loss. 99

(2) The rules adopted under division (A) (4) of this 100
section must prescribe the method for measuring the respective 101
weight to be given to each factor in determining motor vehicle 102

<u>insurance rates and premiums.</u>	103
<u>(D) An insurer shall not determine rates and premiums for</u>	104
<u>motor vehicle insurance using any of the following factors:</u>	105
<u>(1) The number of claims made in the area where an</u>	106
<u>insured's vehicle is garaged;</u>	107
<u>(2) Whether or not the vehicle is used for business</u>	108
<u>purposes;</u>	109
<u>(3) The number of vehicles the insured has covered;</u>	110
<u>(4) The amount of insurance under the policy in question;</u>	111
<u>(5) The income of the insured;</u>	112
<u>(6) The number of dependents covered under the policy;</u>	113
<u>(7) The vehicle make and model;</u>	114
<u>(8) Sex;</u>	115
<u>(9) Marital status;</u>	116
<u>(10) (a) Credit information.</u>	117
<u>(b) As used in this section, "credit information" means</u>	118
<u>any information derived from a credit report, found on a credit</u>	119
<u>report, or provided on an application for personal insurance.</u>	120
<u>"Credit information" does not include noncredit related</u>	121
<u>information, regardless of whether it is contained in a credit</u>	122
<u>report on an application or is used to calculate an insurance</u>	123
<u>score.</u>	124
<u>(E) A violation of the requirements of this section shall</u>	125
<u>be considered an unfair and deceptive practice in the business</u>	126
<u>of insurance under sections 3901.19 to 3901.26 of the Revised</u>	127
<u>Code.</u>	128

<u>(F) This section shall not be construed as prohibiting an insurer from doing either of the following:</u>	129
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<u>(1) Establishing and maintaining statistical reporting territories;</u>	131
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<u>(2) Establishing or maintaining, for motor vehicle insurance, a premium discount plan for senior citizens in this state who are at least sixty years of age, so long as the plan is applied in accordance with the requirements of section 3937.43 of the Revised Code.</u>	133
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<u>(G) This section shall apply to uninsured motorist coverage and underinsured motorist coverage established under sections 3937.18 to 3937.183 of the Revised Code.</u>	138
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<u>(H) This section does not apply to insurance covering vehicles used solely for commercial purposes.</u>	141
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Section 2. That existing section 3937.02 of the Revised Code is hereby repealed.	143
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Section 3. That section 3937.021 of the Revised Code is hereby repealed.	145
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