

# HOUSE BILL No. 1159

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 22-5-10; IC 27-7-2.

**Synopsis:** Worker's compensation. Provides that a bid specification that is entered into, issued, amended, or renewed after June 30, 2024, may not contain a provision requiring an employer to have or maintain a specified experience rating. Requires certain insurance companies that make a successful subrogation claim to revise an insured party's prior experience ratings in a specified manner. Provides exceptions. Defines terms and makes a conforming amendment.

**Effective:** July 1, 2024.

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## Lehman

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January 8, 2024, read first time and referred to Committee on Employment, Labor and Pensions.

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Second Regular Session of the 123rd General Assembly (2024)

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 2023 Regular Session of the General Assembly.

# HOUSE BILL No. 1159

A BILL FOR AN ACT to amend the Indiana Code concerning labor and safety.

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

1 SECTION 1. IC 22-5-10 IS ADDED TO THE INDIANA CODE AS  
2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY  
3 1, 2024]:  
4 **Chapter 10. Required Experience Ratings**  
5 **Sec. 1. As used in this chapter, "employer" means a sole**  
6 **proprietor, corporation, partnership, limited liability company, or**  
7 **other entity with one (1) or more employees.**  
8 **Sec. 2. As used in this chapter, "experience rating" has the**  
9 **meaning set forth in IC 27-7-2-2(m).**  
10 **Sec. 3. A bid specification that is:**  
11 **(1) entered into;**  
12 **(2) issued;**  
13 **(3) amended; or**  
14 **(4) renewed;**  
15 **after June 30, 2024, may not contain a provision requiring an**  
16 **employer to have or maintain a specified experience rating.**  
17 **Sec. 4. This chapter does not prohibit a party from considering**



1 **an employer's experience rating when awarding a contract.**

2 SECTION 2. IC 27-7-2-2 IS AMENDED TO READ AS FOLLOWS  
3 [EFFECTIVE JULY 1, 2024]: Sec. 2. As used in this chapter and  
4 unless a different meaning appears from the context:

5 (a) "Department" means the department of insurance of this state.

6 (b) "Worker's compensation board" means the worker's  
7 compensation board of Indiana.

8 (c) "Company" means an insurance company and includes all  
9 persons, partnerships, corporations, or associations engaged in making  
10 worker's compensation insurance under the laws of this state.

11 (d) "Domestic company" means a company organized under the  
12 laws of this state.

13 (e) "Foreign company" means a company organized under the laws  
14 of any state of the United States, other than this state or under the laws  
15 of any territory or insular possession of the United States or the District  
16 of Columbia.

17 (f) "Alien company" means a company organized under the laws of  
18 any country other than the United States or a territory or insular  
19 possession thereof or of the District of Columbia.

20 (g) "Person" includes individuals, corporations, firms, companies,  
21 associations, and partnerships. The personal pronoun includes all  
22 genders. The singular includes the plural, and the plural includes the  
23 singular.

24 (h) "Commissioner" means the insurance commissioner of this state.

25 (i) "Bureau" means the worker's compensation rating bureau of  
26 Indiana.

27 (j) "Interested person" means any person who has filed with the  
28 department a request to be notified under sections 4(b) and 20.2(c) of  
29 this chapter of each filing of rates by the bureau or a company.

30 (k) "Assigned risk plan" means the plan by which members of the  
31 worker's compensation rating bureau provide for the insurance of  
32 rejected risks.

33 (l) "Classification system" or "classification" means the plan,  
34 system, or arrangement for recognizing differences in exposure to  
35 hazards among industries, occupations, or operations of insurance  
36 policyholders.

37 (m) "Experience rating" means a rating procedure utilizing past  
38 insurance experience of the individual policyholder to forecast future  
39 losses by measuring the policyholder's loss experience against the loss  
40 experience of policyholders in the same classification to produce a  
41 prospective premium credit, debit, or unity modification.

42 (n) "Rate" means the cost of insurance per exposure base unit, prior



1 to any application of individual risk variations based on loss or expense  
2 considerations, and does not include minimum premiums.

3 (o) "Schedule rating plan" means an independent rating plan that  
4 measures hazard differences that have an immediate bearing on the  
5 probability or severity of loss and applies debits and credits to modify  
6 the premium for a risk.

7 (p) "Statistical plan" means the plan, system, or arrangement used  
8 in collecting data.

9 **(q) "Subrogation claim" means a claim or action that is filed or  
10 otherwise initiated:**

11 **(1) by a company against a third party that caused a loss to an  
12 insured party; and**

13 **(2) to recover from the third party the amount of a claim  
14 paid:**

15 **(A) by the company; and**

16 **(B) either:**

17 **(i) to the insured party; or**

18 **(ii) on behalf of the insured party;**

19 **for the loss to the insured party.**

20 **(r) "Successful subrogation claim" means a subrogation claim  
21 that results in payment of money by a third party to a company,  
22 even if the amount of money paid to the company by the third  
23 party is less than the amount of the claim paid:**

24 **(1) by the company; and**

25 **(2) either:**

26 **(A) to the insured party; or**

27 **(B) on behalf of the insured party;**

28 **for the loss to the insured party.**

29 **(s) "Supplementary rate information" means any manual or plan  
30 of rates, classification system, rating schedule, minimum premium,  
31 rating rule, rating plan, and any other similar information needed to  
32 determine the applicable premium for an insured.**

33 **(t) "Supporting information" means the experience and judgment  
34 of the filer and the experience or data of other companies or  
35 organizations relied on by the filer, the interpretation of any statistical  
36 data relied on by the filer, descriptions of methods used in making the  
37 rates, and any other similar information required to be filed by the  
38 commissioner.**

39 **SECTION 3. IC 27-7-2-20 IS AMENDED TO READ AS  
40 FOLLOWS [EFFECTIVE JULY 1, 2024]: Sec. 20. (a) **Except as  
41 provided in section 20.5 of this chapter**, every company shall adhere  
42 to manual rules, policy forms, a statistical plan, a classification system,**



1 and experience rating plan filed by the bureau and approved by the  
2 commissioner.

3 (b) The commissioner shall designate the bureau to assist in  
4 gathering, compiling, and reporting relevant statistical information.  
5 Every company shall record and report its worker's compensation  
6 experience to the bureau according to the statistical plan approved by  
7 the commissioner. The report shall include any deviation from the filed  
8 recommended minimum premiums and rates, in total and by  
9 classification. The bureau shall annually submit data concerning these  
10 deviations to the department. Upon receipt, the department shall  
11 evaluate the data and prepare a report concerning the effect of  
12 competitive rating in Indiana. The department shall make the report  
13 available not later than October 31 of each year.

14 (c) Every company shall adhere to the approved manual rules,  
15 policy forms, statistical plan, classification system, and experience  
16 rating plan in the recording and reporting of data to the bureau.

17 (d) Copies of all approved classifications, rules, and forms shall be  
18 provided to the worker's compensation board.

19 SECTION 4. IC 27-7-2-20.5 IS ADDED TO THE INDIANA CODE  
20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
21 1, 2024]: **Sec. 20.5. (a) Except as provided in subsection (d), when  
22 a company makes a successful subrogation claim, the company  
23 shall revise the experience rating of the insured party in the  
24 manner set forth in this section.**

25 **(b) After a company makes a successful subrogation claim, the  
26 company shall revise all of the insured party's prior experience  
27 ratings that were modified as a result of the insured party's claim  
28 for which the company made the successful subrogation claim.**

29 **(c) The company shall revise the prior experience ratings  
30 described under subsection (b) in a manner that:**

31 **(1) accounts for the entire amount the company received as a  
32 result of the successful subrogation claim; and**

33 **(2) ensures that the insured party receives, by way of the  
34 revised experience ratings, a monetary benefit equivalent to  
35 the amount the company received as a result of the successful  
36 subrogation claim.**

37 **(d) A company is not required to comply with this section if:**

38 **(1) at the time of the successful subrogation claim, the insured  
39 party who submitted the claim for which the company made  
40 the subrogation claim is not the owner of the policy under  
41 which the claim was submitted; or**

42 **(2) compliance with this section would require violation of a**



1           **contract that was entered into, amended, or renewed before**  
2           **July 1, 2024.**

