

103^D CONGRESS
2^D SESSION

S. 2402

To provide for public access to information regarding the availability of insurance, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 18, 1994

Mr. RIEGLE (for himself, Mr. FEINGOLD, Mr. SIMON, Mrs. BOXER, and Ms. MOSELEY-BRAUN) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

A BILL

To provide for public access to information regarding the availability of insurance, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Homeowners Insurance Disclosure Act of 1994”.

6 (b) TABLE OF CONTENTS.—The table of contents for
7 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings and purposes.
- Sec. 3. Establishment of general requirements to submit information.
- Sec. 4. Reporting of noncommercial insurance information.
- Sec. 5. Study of commercial insurance for residential properties and small businesses.

- Sec. 6. Reporting of rural insurance information.
- Sec. 7. Waiver of reporting requirements.
- Sec. 8. Reporting by private mortgage insurers.
- Sec. 9. Use of data contractor and statistical agents.
- Sec. 10. Submission of information to secretary and maintenance of information.
- Sec. 11. Compilation of aggregate information.
- Sec. 12. Availability and access system.
- Sec. 13. Designations.
- Sec. 14. Improved methods and reporting on basis of other areas.
- Sec. 15. Annual reporting period.
- Sec. 16. Disclosures by insurers to applicants and policyholders.
- Sec. 17. Enforcement.
- Sec. 18. Reports.
- Sec. 19. Task force on agency appointments.
- Sec. 20. Studies.
- Sec. 21. Exemption and relation to State laws.
- Sec. 22. Regulations.
- Sec. 23. Definitions.
- Sec. 24. Effective date.

1 **SEC. 2. FINDINGS AND PURPOSES.**

2 (a) FINDINGS.—The Congress finds that—

3 (1) there are disparities in insurance coverage
4 provided by some insurers between areas of different
5 incomes and racial composition; and

6 (2) such disparities in affordability and avail-
7 ability of insurance severely limit the ability of quali-
8 fied consumers to obtain credit for home and busi-
9 ness purchases.

10 (b) PURPOSES.—The purposes of this Act are—

11 (1) to establish a nationwide database for deter-
12 mining the availability, affordability, and adequacy
13 of insurance coverage for consumers;

14 (2) to facilitate the enforcement of Federal and
15 State laws that prohibit illegally discriminatory in-
16 surance practices; and

1 ance agents), representatives of property and casualty in-
 2 surers, and community, consumer, and civil rights organi-
 3 zations, as appropriate.

4 **SEC. 4. REPORTING OF NONCOMMERCIAL INSURANCE IN-**
 5 **FORMATION.**

6 (a) IN GENERAL.—The requirements established pur-
 7 suant to section 3 to carry out this section shall—

8 (1) be designed to ensure that information is
 9 submitted and compiled under this section as may be
 10 necessary to permit analysis and comparison of—

11 (A) the availability and affordability of in-
 12 surance coverage and the quality or type of in-
 13 surance coverage, by MSA and the applicable
 14 region, race, and gender of policyholders; and

15 (B) the location of the principal place of
 16 business of insurance agents and the race of
 17 such agents, and the location of the principal
 18 place of business of insurance agents termi-
 19 nated and the race of such agents, by MSA and
 20 applicable region; and

21 (2) specify the data elements required to be re-
 22 ported under this section and require uniformity in
 23 the definitions of the data elements.

24 (b) DESIGNATED INSURERS.—

1 (1) AGGREGATE INFORMATION.—The regula-
2 tions issued under section 3 shall require that each
3 designated insurer for a designated line of insurance
4 under section 13(c)(1) compile and submit to the
5 Secretary, for each annual reporting period—

6 (A) the total number of policies issued in
7 such line, total exposures covered by such poli-
8 cies, and total amount of premiums for such
9 policies, by designated line and by designated
10 MSA and applicable region in which the insured
11 risk is located;

12 (B) the total number of cancellations and
13 nonrenewals (expressed in terms of policies or
14 exposures, as determined by the Secretary), by
15 designated line and by designated MSA and ap-
16 plicable region in which the insured risk is
17 located;

18 (C) the total number and racial characteris-
19 tics of—

20 (i) licensed agents of such insurer sell-
21 ing insurance in the designated line, by
22 designated MSA and applicable region in
23 which the agent's principal place of busi-
24 ness is located; and

1 (ii) such agents who were terminated
 2 by the insurer, by designated MSA and ap-
 3 plicable region in which the agent's prin-
 4 cipal place of business was located; and

5 (D) for such designated line of insurance,
 6 information that will enable the Secretary to as-
 7 sess the aggregate loss experience for the in-
 8 surer, by designated MSA and applicable region
 9 in which the insured risk is located.

10 (2) SPECIFICATION OF INFORMATION FOR
 11 ITEMIZED DISCLOSURE.—

12 (A) IN GENERAL.—The regulations issued
 13 under section 3 regarding annual reporting re-
 14 quirements for designated insurers for a des-
 15 ignated line of insurance under section 13(c)(1)
 16 shall, with respect to policies issued under the
 17 designated line or exposure units covered by
 18 such policies, as determined by the Secretary—

19 (i) specify the data elements that shall
 20 be submitted;

21 (ii) provide for the submission of in-
 22 formation on an individual insurer basis;

23 (iii) provide for the submission of the
 24 information with the least burden on insur-

1 ers, particularly small insurers, and insur-
2 ance agents;

3 (iv) take into account existing statis-
4 tical reporting systems in the insurance in-
5 dustry;

6 (v) require reporting by MSA and ap-
7 plicable region in which the insured risk is
8 located;

9 (vi) provide for the submission of in-
10 formation that identifies the designated
11 line and subline or coverage type;

12 (vii) provide for the submission of in-
13 formation that distinguishes policies writ-
14 ten in a residual market from policies writ-
15 ten in the voluntary market;

16 (viii) specify—

17 (I) whether information shall be
18 submitted on the basis of policy or ex-
19 posure unit; and

20 (II) whether information, when
21 submitted, shall be aggregated by like
22 policyholders with like policies, except
23 that the Secretary shall not permit
24 such aggregation if it will adversely

1 affect the accuracy of the information
2 reported;

3 (ix) provide for the submission of in-
4 formation regarding the number of can-
5 cellations and nonrenewals of policies
6 under the designated line by MSA and ap-
7 plicable region in which the insured risk is
8 located, by race and gender of the policy-
9 holder (if known to the insurer), and by
10 whether the policy was issued in a vol-
11 untary or residual market; and

12 (x) provide for the submission of in-
13 formation on the racial characteristics and
14 gender of policyholders at the level of de-
15 tail comparable to that required by the
16 Home Mortgage Disclosure Act of 1975
17 (and the regulations issued thereunder).

18 (B) RULES REGARDING OBTAINING RACIAL
19 INFORMATION.—With respect to the informa-
20 tion specified in subparagraph (A)(x), appli-
21 cants for, and policyholders of, insurance may
22 be asked their racial characteristics only in
23 writing. Any such written question shall clearly
24 indicate that a response to the question is vol-
25 untary on the part of the applicant or policy-

1 holder, but encouraged, and that the informa-
2 tion is being requested by the Federal Govern-
3 ment to monitor the availability and afford-
4 ability of insurance. If an applicant for, or pol-
5 icyholder of, insurance declines to provide such
6 information, the agent or insurer for such in-
7 surance may provide such information.

8 (3) RULE FOR REPORTING BY DESIGNATED IN-
9 SURERS.—A designated insurer for a designated line
10 shall submit—

11 (A) information required under subpara-
12 graphs (A), (B), and (D) of paragraph (1) and
13 information required pursuant to paragraph
14 (2), for risks insured under such line that are
15 located within each designated MSA, any part
16 of which is located in a State for which the in-
17 surer is designated; and

18 (B) information required under paragraph
19 (1)(C) for agents within such designated
20 MSA's.

21 (c) NONDESIGNATED INSURERS.—The regulations is-
22 sued under section 3 shall require each insurer that issues
23 an insurance policy in a designated line of insurance under
24 section 13(c)(1) that covers an insured risk located in a
25 designated MSA and which is not a designated insurer for

1 the line in any State in which any part of such MSA is
2 located, to compile and submit to the Secretary, for each
3 annual reporting period—

4 (1) the total number of policies issued in such
5 line;

6 (2) the total exposures covered by such policies;
7 and

8 (3) the total amount of premiums for such poli-
9 cies;

10 by designated MSA and applicable region in which the in-
11 sured risk is located.

12 **SEC. 5. STUDY OF COMMERCIAL INSURANCE FOR RESIDEN-**
13 **TIAL PROPERTIES AND SMALL BUSINESSES.**

14 (a) IN GENERAL.—The Secretary shall conduct a
15 study to determine the availability, affordability, and qual-
16 ity or types of commercial insurance coverage for residen-
17 tial properties and small businesses, in urban areas.

18 (b) SUBMISSION OF INFORMATION.—To acquire in-
19 formation for the study under this section, the Secretary
20 shall, by regulation, establish requirements for insurers
21 providing commercial insurance for residential properties
22 and small businesses to compile and submit to the Sec-
23 retary on an annual basis information regarding such in-
24 surance, as follows:

1 (1) MSA's.—The Secretary shall carry out the
2 study only with respect to the 25 MSA's having the
3 largest populations, as determined by the Secretary
4 and specified in the regulations under this section.

5 (2) INSURERS.—For each of the MSA's speci-
6 fied pursuant to paragraph (1), the Secretary shall
7 designate the insurers required to submit the infor-
8 mation. The Secretary shall designate a sufficient
9 number of insurers to provide a representative sam-
10 ple of the insurers providing such insurance in each
11 such MSA.

12 (3) LINES OF INSURANCE.—The Secretary shall
13 require the submission of information regarding
14 such lines, sublines, or coverage types of commercial
15 insurance as the Secretary determines are necessary
16 or important with respect to establishing, operating,
17 or maintaining residential properties and each type
18 of small business selected under paragraph (4), and
19 shall require submission of such information by such
20 lines, sublines, or coverage types.

21 (4) SMALL BUSINESSES.—For purposes of
22 paragraph (3), the Secretary shall determine the
23 types of businesses that are typical of small busi-
24 nesses and shall select a representative sample of
25 such types.

1 (5) DATA ELEMENTS.—The Secretary shall
2 identify the data elements required to be submitted.

3 (6) SUBMISSION BY LOCATION.—The Secretary
4 shall require the information to be submitted by des-
5 ignated MSA and applicable region in which the in-
6 sured risk is located.

7 (7) SUBMISSION BY INSURER.—The Secretary
8 shall require the submission of information on an in-
9 dividual insurer basis and shall specify whether in-
10 formation, when submitted, shall be aggregated by
11 like policies, except that the Secretary shall not per-
12 mit such aggregation if it will adversely affect the
13 accuracy of the information reported.

14 (8) SUNSET.—The Secretary shall require the
15 submission of information under this section only for
16 each of the first 5 annual reporting periods begin-
17 ning more than 3 years after the date of enactment
18 of this Act.

19 (c) CONSIDERATIONS.—In establishing the require-
20 ments for submission of information under this section,
21 the Secretary shall—

22 (1) take into consideration the administrative,
23 paperwork, and other burdens on insurers and insur-
24 ance agents involved in complying with the require-
25 ments of this section;

1 (2) minimize the burdens imposed by such re-
2 quirements with respect to such insurers and agents;
3 and

4 (3) take into consideration existing statistical
5 reporting systems in the insurance industry.

6 (d) REPORT.—Not later than 6 months after the ex-
7 piration of the fifth of the 5 annual reporting periods re-
8 ferred to in subsection (b)(8), the Secretary shall submit
9 a report to the Congress describing the information sub-
10 mitted under the study conducted under this section and
11 any findings of the Secretary from the study regarding
12 disparities in the availability, affordability, and quality or
13 types of commercial insurance coverage for residential
14 properties and small businesses, in urban areas.

15 **SEC. 6. REPORTING OF RURAL INSURANCE INFORMATION.**

16 (a) IN GENERAL.—The Secretary shall, by regula-
17 tion, establish requirements for insurers to annually com-
18 pile and submit to the Secretary information concerning
19 the availability, affordability, and quality or type of insur-
20 ance in designated rural areas in the lines designated
21 under section 13(c)(1).

22 (b) CONTENT.—The regulations under this section
23 shall provide that—

24 (1) the information to be compiled and submit-
25 ted under this section by designated insurers and in-

1 surers that are not designated insurers shall be of
2 such types, data elements, and specificity that is as
3 identical as possible to the types, data elements, and
4 specificity of information required under this Act of
5 designated and nondesignated insurers, respectively,
6 for designated MSA's and shall be subject to the
7 provisions of section 4(b)(2)(B); and

8 (2) the information compiled and submitted
9 under this section shall be compiled and submitted
10 on the basis of each 5-digit zip code in which the in-
11 sured risks are located, rather than on the basis of
12 designated MSA and applicable region (as otherwise
13 required in this Act).

14 (c) DESIGNATION OF RURAL AREAS.—For purposes
15 of this section, the term “designated rural area” means
16 the following:

17 (1) FIRST 5 YEARS.—With respect to the first
18 5 annual reporting periods to which the reporting re-
19 quirements under this section apply, any of the 25
20 rural areas designated by the Secretary and speci-
21 fied in regulations issued pursuant to section 22,
22 which shall not be amended or revised after issu-
23 ance.

24 (2) AFTER FIRST 5 YEARS.—With respect to
25 annual reporting periods thereafter, a rural area for

1 which a designation made by the Secretary under
2 this paragraph is in effect, pursuant to the following
3 requirements:

4 (A) The designations shall be made for
5 each of the successive 5-year periods at the
6 time provided in subparagraph (C), and the
7 first such period shall be the 5-year period be-
8 ginning upon the commencement of the sixth
9 annual reporting period to which the reporting
10 requirements under this Act apply.

11 (B) The Secretary shall designate 25 rural
12 areas as designated rural areas for each such 5-
13 year period and shall designate such rural areas
14 based upon the information and recommenda-
15 tions made in the report under section 18(b) re-
16 lating to the period.

17 (C) The Secretary shall make the designa-
18 tion of rural areas for an ensuing 5-year period
19 by regulations issued—

20 (i) not later than 12 months before
21 the commencement of the 5-year period;
22 and

23 (ii) not later than 6 months after the
24 submission to the Secretary of the report

1 under section 18(b) relating to such pe-
2 riod.

3 (D) The designations of rural areas for a
4 5-year period shall take effect upon the com-
5 mencement of the first annual reporting period
6 of the 5-year period beginning not less than 12
7 months after the issuance of the regulations
8 making such designations, and shall remain in
9 effect until the expiration of the 5-year period.
10 Notwithstanding any other provision of this section, the
11 designation of a rural area shall remain in effect until a
12 succeeding designation of rural areas under paragraph (2)
13 takes effect.

14 **SEC. 7. WAIVER OF REPORTING REQUIREMENTS.**

15 (a) WAIVER FOR STATES COLLECTING EQUIVALENT
16 INFORMATION.—

17 (1) AUTHORITY.—Subject to the requirements
18 under this section, the Secretary shall provide, by
19 regulation, for the waiver of the applicability of the
20 provisions of sections 4, 5, and 6 for each insurer
21 transacting business within a State referred to in
22 paragraph (2), but only with respect to information
23 required to be submitted under such sections that
24 relates to agents or insured risks located in the
25 State.

1 (2) REQUIREMENTS.—The Secretary may make
2 a waiver pursuant to paragraph (1) only with re-
3 spect to a State that the Secretary determines has
4 in effect a law or other requirement that—

5 (A) requires insurers to submit to the
6 State information that is the same as or equiva-
7 lent to the information that is required to be
8 submitted to the Secretary pursuant to sections
9 4, 5, and 6;

10 (B) provides for adequate enforcement of
11 such law or other requirements;

12 (C) provides for the same annual reporting
13 period used by the Secretary under this Act and
14 for submission of the information to the Sec-
15 retary in a timely fashion, as determined by the
16 Secretary; and

17 (D) provides that, to the extent statistical
18 agents are permitted to submit information to
19 the State on behalf of insurers, such agents are
20 subject to the same or equivalent requirements
21 as provided under section 9(b).

22 (3) DURATION.—A waiver pursuant to para-
23 graph (1) may remain in effect only during the pe-
24 riod for which the State law or other requirement
25 under paragraph (2) remains in effect.

1 (b) MULTIPLE-STATE MSA'S.—In the case of any
2 designated MSA that contains area within—

3 (1) any State for which a waiver has been made
4 pursuant to subsection (a); and

5 (2) any State for which such a waiver has not
6 been made;

7 the provisions of this Act requiring submission of informa-
8 tion to the Secretary regarding such MSA shall be consid-
9 ered to apply only to the portion of such MSA that is lo-
10 cated within the State for which such a waiver has not
11 been made.

12 (c) AUTHORITY FOR SECRETARY TO OBTAIN INFOR-
13 MATION DIRECTLY FROM INSURERS.—If the State for
14 which a waiver has been made pursuant to subsection (a)
15 does not submit to the Secretary the information required
16 under subsection (a)(2)(A) or submits information that is
17 not complete, the Secretary shall require the insurers
18 transacting business within the State to submit such infor-
19 mation directly to the Secretary.

20 **SEC. 8. REPORTING BY PRIVATE MORTGAGE INSURERS.**

21 (a) HMDA REPORTING.—On an annual basis, the
22 Federal Financial Institutions Examination Council (here-
23 after in this section referred to as the “Council”) shall
24 determine the extent to which each insurer providing pri-
25 vate mortgage insurance is making available to the public

1 and submitting to the appropriate agency information re-
2 garding such insurance that is equivalent to the informa-
3 tion regarding mortgages required to be reported under
4 the Home Mortgage Disclosure Act of 1975.

5 (b) REPORTING UNDER THIS ACT.—

6 (1) CERTIFICATION OF NONCOMPLIANCE.—If,
7 for any annual period referred to in subsection (a),
8 the Council determines that any insurer providing
9 private mortgage insurance is not making available
10 to the public or submitting the information referred
11 to in subsection (a) or that the information made
12 available or submitted is not equivalent information
13 as described in subsection (a), then the Council shall
14 notify the insurer of such noncompliance. If, after
15 the expiration of a reasonable period of time, the in-
16 surer has not remedied such noncompliance to the
17 satisfaction of the Council, then the Council shall
18 immediately certify such noncompliance to the Sec-
19 retary.

20 (2) REQUIREMENT.—Upon the receipt of a cer-
21 tification under paragraph (1), the Secretary shall,
22 by regulation, require such insurer to submit to the
23 Secretary information regarding such insurance that
24 complies with the provisions of section 4 that are ap-
25 plicable to such insurance. Such regulations shall be

1 issued not later than 6 months after receipt of such
2 certification and shall apply to the first succeeding
3 annual reporting period beginning not less than 6
4 months after issuance of such regulations and to
5 each annual reporting period thereafter.

6 **SEC. 9. USE OF DATA CONTRACTOR AND STATISTICAL**
7 **AGENTS.**

8 (a) DATA COLLECTION CONTRACTOR.—The Sec-
9 retary may contract with a data collection contractor to
10 collect the information required to be maintained and sub-
11 mitted under sections 4, 5, 6, 7, and 8(b), if the contractor
12 agrees to collect the information pursuant to the terms
13 and conditions of such sections and this Act and the regu-
14 lations issued thereunder. Information submitted to such
15 contractor shall be available to the public to the same ex-
16 tent as if the information were submitted directly to the
17 Secretary.

18 (b) USE OF STATISTICAL AGENTS.—

19 (1) IN GENERAL.—The Secretary shall provide,
20 by regulation, that insurers may submit any infor-
21 mation required under sections 4, 5, 6, and 8(b)
22 through statistical agents acting on behalf of more
23 than one insurer.

24 (2) PROTECTIONS.—The regulations issued
25 under this subsection shall permit submission of in-

1 formation through a statistical agent only if the Sec-
2 retary determines that—

3 (A) the statistical agent has adequate pro-
4 cedures to protect the integrity of the informa-
5 tion submitted;

6 (B) the statistical agent has a statistical
7 plan and format for submitting the information
8 that meets the requirements of this Act;

9 (C) the statistical agent has procedures in
10 place that ensure that information reported
11 under the statistical plan in connection with re-
12 porting under this Act and submitted to the
13 Secretary is not subject to any adjustment by
14 the statistical agent or an insurer for reasons
15 other than technical accuracy and conformance
16 to the statistical plan;

17 (D) the information of an insurer is not
18 subject to review by any other insurer before
19 being made available to the public; and

20 (E) acceptance of the information through
21 the statistical agent will not adversely affect the
22 accuracy of the information reported.

23 (3) DISCONTINUANCE OF ACCEPTANCE OF IN-
24 FORMATION.—The Secretary may discontinue ac-
25 cepting information reported through a statistical

1 agent pursuant to this subsection if the Secretary
2 determines that the requirements for such reporting
3 are no longer met or that continued acceptance of
4 such information is contrary to the goal of ensuring
5 the accuracy of the information reported.

6 (4) GAO AUDITS.—The Comptroller General of
7 the United States shall, at the request of the Sec-
8 retary, audit information collection and submission
9 performed under this subsection by data collection
10 contractors or statistical agents to ensure that the
11 integrity of the information collected and submitted
12 is protected. In determining whether to request an
13 audit of a statistical agent, the Secretary shall con-
14 sider the sufficiency (for purposes of this Act) of au-
15 dits of the statistical agent conducted in connection
16 with State insurance regulation.

17 (5) LIABILITY.—Notwithstanding any use of a
18 statistical agent as authorized under this subsection,
19 an insurer using such an agent shall be responsible
20 for compliance with the requirements under this Act.

21 **SEC. 10. SUBMISSION OF INFORMATION TO SECRETARY**
22 **AND MAINTENANCE OF INFORMATION.**

23 (a) PERIOD OF MAINTENANCE.—The Secretary shall
24 maintain any information submitted to the Secretary for
25 such period as the Secretary considers appropriate and

1 feasible to carry out the purposes of this Act and to allow
2 for historical analysis and comparison of the information.

3 (b) SUBMISSION.—The Secretary shall issue regula-
4 tions prescribing a standard schedule (taking into consid-
5 eration the provisions of section 12(a)), format, and meth-
6 od for submitting information under this Act to the Sec-
7 retary. The format and method of submitting the informa-
8 tion shall facilitate and encourage the submission in a
9 form readable by a computer. Any insurer submitting in-
10 formation to the Secretary may submit in writing to the
11 Secretary any additional information or explanations that
12 the insurer considers relevant to the decision by the in-
13 surer to sell insurance.

14 **SEC. 11. COMPILATION OF AGGREGATE INFORMATION.**

15 (a) INSURANCE INFORMATION.—For each annual re-
16 porting period, the Secretary shall—

17 (1) compile, for each designated MSA, by des-
18 ignated line (and if such information is submitted,
19 by subline or coverage type)—

20 (A) information submitted under sections
21 4, 5, 7, and 8(b) and loss ratios (if the submis-
22 sion of loss information is required), aggregated
23 by applicable region for all insurers submitting
24 such information; and

1 (B) such information and loss ratios (if the
2 submission of loss information is required), ag-
3 gregated by applicable region for each such in-
4 surer; and

5 (2) produce tables based on information submit-
6 ted under sections 4, 5, 7, and 8(b) for each des-
7 ignated MSA, by insurer and for all insurers, by des-
8 ignated line (and if such information is submitted,
9 by subline or coverage type), indicating—

10 (A) insurance underwriting patterns aggre-
11 gated for the applicable regions within the
12 MSA, grouped according to location, age of
13 property, income level, and racial characteristics
14 of neighborhoods; and

15 (B) loss ratios based on the information
16 obtained pursuant to sections 4, 5, 7, and 8(b)
17 (if the submission of loss information is re-
18 quired), aggregated for the applicable regions
19 within the MSA, grouped according to location,
20 age of property, income level, and racial charac-
21 teristics of neighborhoods.

22 (b) AGENT INFORMATION.—For each annual report-
23 ing period and for each designated MSA, the Secretary
24 shall compile, by designated line, the information submit-
25 ted under section 4(b)(1)(C)—

1 (1) by designated insurer by applicable region;

2 (2) by designated insurer aggregated for the
3 applicable regions within the designated MSA,
4 grouped according to location, age of property, in-
5 come level, and racial characteristics; and

6 (3) for all designated insurers that have submit-
7 ted such information for the designated MSA, aggreg-
8 ated for the applicable regions within the des-
9 igned MSA, grouped according to location, age of
10 property, income level, and racial characteristics.

11 (c) RURAL INSURANCE INFORMATION.—For each an-
12 nual reporting period, the Secretary shall—

13 (1) compile for each applicable 5-digit zip code,
14 by designated line (and if such information is sub-
15 mitted, by subline or coverage type)—

16 (A) information regarding insurance in
17 rural areas submitted under sections 6 and 7
18 and loss ratios, for all insurers for which such
19 information is submitted; and

20 (B) such information and loss ratios, for
21 each such insurer; and

22 (2) produce tables for each 5-digit zip code
23 based on information regarding insurance in rural
24 areas submitted under sections 6 and 7, by insurer
25 and for all such insurers for which information is

1 submitted under such sections, by designated line
2 (and if such information is submitted, by subline or
3 coverage type), indicating—

4 (A) insurance underwriting patterns, ag-
5 gregated by zip codes, grouped according to lo-
6 cation, age of property, income level, and racial
7 characteristics of neighborhoods (where such
8 demographic information is available); and

9 (B) loss ratios, based on the information
10 obtained pursuant to sections 6 and 7, aggre-
11 gated by zip codes, grouped according to loca-
12 tion, age of property, income level, and racial
13 characteristics of neighborhoods (where such
14 demographic information is available).

15 **SEC. 12. AVAILABILITY AND ACCESS SYSTEM.**

16 (a) AVAILABILITY TO PUBLIC.—

17 (1) IN GENERAL.—The Secretary shall main-
18 tain and make available to the public, in accordance
19 with the requirements of this section, any informa-
20 tion submitted to the Secretary under this Act and
21 any information compiled by the Secretary under
22 this Act.

23 (2) TIMING.—The Secretary shall make such
24 information publicly available on a timetable deter-
25 mined by the Secretary, but not later than 9 months

1 after the conclusion of the annual reporting period
2 to which the information relates, except that such
3 information shall not be made available to the public
4 until it is available in its entirety unless not all the
5 information required to be reported is available by
6 such date.

7 (b) PUBLIC ACCESS SYSTEM.—

8 (1) IMPLEMENTATION.—The Secretary shall
9 implement a system to facilitate access to any infor-
10 mation required to be made available to the public
11 under this Act.

12 (2) BASES OF AVAILABILITY.—The system shall
13 provide access in accordance with the following:

14 (A) ACCESS TO ITEMIZED INFORMATION.—

15 To information submitted under sections 4, 5,
16 6, 7, and 8(b) on the basis of the insurer sub-
17 mitting the information, on the basis of des-
18 ignated MSA and applicable region (or in the
19 case of rural information submitted under sec-
20 tion 6 or 7, on the basis of 5-digit zip code),
21 and on any other basis the Secretary considers
22 feasible and appropriate.

23 (B) ACCESS TO AGGREGATE INFORMA-

24 TION.—To aggregate information compiled
25 under section 11, on the basis of—

1 (i) the insurer submitting the infor-
2 mation;

3 (ii) designated MSA and applicable re-
4 gion (or in the case of rural information
5 submitted under section 6 or 7, on the
6 basis of 5-digit zip code); and

7 (iii) any other basis the Secretary con-
8 siders feasible and appropriate.

9 (3) METHOD.—The access system shall include
10 a telephone number that can be used by the public
11 to request such information and the address at
12 which a written request for such information may be
13 submitted.

14 (4) FORM.—The Secretary shall, by regulation,
15 establish the forms in which such information may
16 be furnished by the Secretary. Such forms shall in-
17 clude written statements, forms readable by widely
18 used personal computers, and, if feasible, on-line ac-
19 cess for personal computers. The Secretary shall
20 provide the information available under this section
21 in any such form requested by the person requesting
22 the information, except that the Secretary shall
23 charge a fee for providing such information, which
24 may not exceed the amount, determined by the Sec-

1 retary, that is equal to the cost of reproducing the
2 information.

3 (c) PROTECTIONS REGARDING LOSS INFORMA-
4 TION.—

5 (1) PROHIBITION OF DISCLOSURE OF LOSS IN-
6 FORMATION.—Notwithstanding any other provision
7 of this Act, the Secretary may not make available to
8 the public or otherwise disclose any information sub-
9 mitted under this Act regarding the amount or num-
10 ber of claims paid by any insurer, the amount of
11 losses of any insurer, or the loss experience for any
12 insurer, except—

13 (A) in the form of a loss ratio (expressing
14 the relationship of claims paid to premiums)
15 made available or disclosed in compliance with
16 the provisions of paragraph (2); or

17 (B) as provided in paragraph (3).

18 (2) PROTECTION OF IDENTITY OF INSURER.—
19 In making available to the public or otherwise dis-
20 closing a loss ratio for an insurer—

21 (A) the Secretary may not identify the in-
22 surer to which the loss ratio relates; and

23 (B) the Secretary may disclose the loss
24 ratio only in a manner that does not allow any
25 party to determine the identity of the specific

1 insurer to which the loss ratio relates, except
2 parties having access to information under
3 paragraph (3).

4 (3) CONFIDENTIALITY OF INFORMATION DIS-
5 CLOSED TO GOVERNMENTAL AGENCIES.—The Sec-
6 retary may make information referred to in para-
7 graph (1) and the identity of the specific insurer to
8 which such information relates available to any Fed-
9 eral entity and any State agency responsible for reg-
10 ulating insurance in a State and may otherwise dis-
11 close such information to any such entity or agency,
12 but only to the extent such entity or agency agrees
13 not to make any such information available or dis-
14 close such information to any other person.

15 **SEC. 13. DESIGNATIONS.**

16 (a) DESIGNATION OF MSA'S.—For purposes of this
17 Act, the term “designated MSA” means the following
18 MSA's:

19 (1) FIRST 5 YEARS.—With respect to the first
20 5 annual reporting periods to which the reporting re-
21 quirements under this Act apply (pursuant to sec-
22 tion 24), any of the 100 MSA's selected as follows:

23 (A) The Secretary shall select the 50
24 MSA's having the largest populations, as deter-
25 mined by the Secretary and specified in regula-

1 tions issued pursuant to section 22, which shall
2 not be amended or revised after issuance.

3 (B) The Secretary shall select 50 addi-
4 tional MSA's, on a basis that provides for—

5 (i) geographic diversity among the
6 designated MSA's under this paragraph;

7 (ii) diversity in size of the populations
8 among such MSA's; and

9 (iii) the inclusion of MSA's with a
10 high concentration of racial minorities.

11 (2) AFTER FIRST 5 YEARS.—With respect to
12 annual reporting periods thereafter, an MSA for
13 which a designation under this paragraph is in ef-
14 fect, pursuant to the following requirements:

15 (A) The designations shall be made for
16 each of the successive 5-year periods at the
17 time provided in subparagraph (C), and the
18 first such period shall be the 5-year period be-
19 ginning upon the commencement of the sixth
20 annual reporting period to which the reporting
21 requirements under this Act apply.

22 (B) The Secretary shall designate not less
23 than 100 MSA's as designated MSA's for each
24 such 5-year period and shall designate such
25 MSA's based upon the information and rec-

1 ommendations made in the report under section
2 18(b) relating to the period.

3 (C) The Secretary shall make the designa-
4 tion of MSA's for an ensuing 5-year period by
5 regulations issued—

6 (i) not later than 12 months before
7 the commencement of the 5-year period;
8 and

9 (ii) not later than 6 months after the
10 submission to the Secretary of the report
11 under section 20(b) relating to such pe-
12 riod.

13 (D) The designations of MSA's for a 5-
14 year period shall take effect upon the com-
15 mencement of the first annual reporting period
16 of the 5-year period beginning not less than 12
17 months after the issuance of the regulations
18 making such designations, and shall remain in
19 effect until the expiration of the 5-year period.

20 Notwithstanding any other provision of this section, the
21 designation of an MSA shall remain in effect until a suc-
22 ceeding designation of MSA's under paragraph (2) takes
23 effect.

24 (b) DESIGNATION OF INSURERS.—The Secretary
25 shall designate, for each designated line and each State,

1 insurers doing business in the lines as designated insurers
2 in the State for purposes of this Act, subject to the follow-
3 ing requirements:

4 (1) HIGHEST AGGREGATE PREMIUM VOLUME.—

5 (A) GENERAL RULE.—For each State, the
6 Secretary shall designate, for each designated
7 line, each of the insurers and insurer groups in-
8 cluded in the class established under this para-
9 graph for the State.

10 (B) DETERMINATION.—In each State, the
11 Secretary shall rank the insurers and insurer
12 groups in each designated line from the insurer
13 or group having the largest aggregate premium
14 volume in the State for such line to the insurer
15 or group having the smallest such aggregate
16 premium volume and shall include in the class
17 for the State only—

18 (i) the insurer or group of the highest
19 rank;

20 (ii) each insurer or group of succes-
21 sively lower rank if the inclusion of such
22 insurer or group in the class does not re-
23 sult in the sum of such aggregate premium
24 volumes for insurers and groups in the
25 class exceeding 80 percent of the total ag-

1 aggregate premium volume in the State for
2 the line; and

3 (iii) the first such successively lower
4 ranked insurer or insurer group whose in-
5 clusion in the class results in such sum ex-
6 ceeding 80 percent of the total aggregate
7 premium volume in the State for the line.

8 (2) MINIMUM AGGREGATE PREMIUM VOLUME.—
9 For each State, the Secretary shall designate, for
10 each designated line, each insurer and insurer group
11 not designated pursuant to paragraph (1) whose
12 premium volume in the State for the designated line
13 exceeds 1 percent of the total aggregate premium
14 volume in the State for the line.

15 (3) FAIR PLANS AND JOINT UNDERWRITING
16 ASSOCIATIONS.—For each State, the Secretary shall
17 designate, for each designated line—

18 (A) each statewide plan under part A of
19 title XII of the National Housing Act to assure
20 fair access to insurance requirements; and

21 (B) each joint underwriting association;
22 that provides insurance under such line.

23 (4) DURATION.—The Secretary shall designate
24 insurers under this subsection once every 5 years.
25 Each insurer designated shall be a designated in-

1 surer for each of the first 5 successive annual re-
2 porting periods commencing after such designation.

3 (c) DESIGNATION OF LINES OF INSURANCE.—

4 (1) IN GENERAL.—The Secretary shall, by reg-
5 ulation, designate homeowners, dwelling fire, and al-
6 lied lines of insurance as designated lines for pur-
7 poses of this Act, and shall distinguish the coverage
8 types in such lines by the perils covered and by mar-
9 ket or replacement value. For purposes of this Act,
10 homeowners insurance shall not include any renters
11 coverage or coverage for the personal property of a
12 condominium owner.

13 (2) REPORT.—At any time the Secretary deter-
14 mines that any line of insurance not described in
15 paragraph (1) should be a designated line because
16 disparities in coverage provided under such line exist
17 among geographic areas having different income lev-
18 els or racial composition, the Secretary shall submit
19 a report recommending designating such line of in-
20 surance as a designated line for purposes of this Act
21 to the Committee on Banking, Housing, and Urban
22 Affairs of the Senate and the appropriate commit-
23 tees of the House of Representatives.

24 (3) DURATION.—

1 (A) IN GENERAL.—Except as provided in
2 subparagraph (B), the Secretary shall make the
3 designations under this subsection once every 5
4 years, by regulation, and each line and subline
5 or coverage type designated under such regula-
6 tions shall be designated for each of the first 5
7 successive annual reporting periods occurring
8 after issuance of the regulations.

9 (B) ALTERATION.—During any 5-year pe-
10 riod referred to in subparagraph (A) in which
11 designations are in effect, the Secretary may
12 amend or revise the designated lines, sublines,
13 and coverage types only by regulation and only
14 in accordance with the requirements of this
15 subsection. Such regulations amending or revis-
16 ing designations shall apply only to annual re-
17 porting periods beginning after the expiration
18 of the 6-month period beginning on the date of
19 issuance of the regulations.

20 (d) TIMING OF DESIGNATIONS.—The Secretary shall
21 make the designations required by subsections (b)(4) and
22 (c)(3)(A) and notify interested parties during the 6-month
23 period ending 6 months before the commencement of the
24 first annual reporting period to which such designations
25 apply.

1 (e) OBTAINING INFORMATION.—The Secretary may
2 require insurers to submit to the Secretary such informa-
3 tion as the Secretary considers necessary to make designa-
4 tions specifically required under this Act. The Secretary
5 may not require insurers to submit any information under
6 this subsection that relates to any line of insurance not
7 specifically authorized to be designated pursuant to this
8 Act or that is to be used solely for the purpose of a report
9 under subsection (c)(2).

10 **SEC. 14. IMPROVED METHODS AND REPORTING ON BASIS**
11 **OF OTHER AREAS.**

12 (a) DEVELOPMENT OF IMPROVED METHODS.—The
13 Secretary shall develop, or assist in the improvement of,
14 methods of matching addresses and applicable regions to
15 facilitate compliance by insurers, in as economical a man-
16 ner as possible, with the requirements of this Act. The
17 Secretary shall allow insurers, or statistical agents acting
18 on behalf of insurers, to match addresses and applicable
19 regions through the use of 9-digit zip codes if the Sec-
20 retary determines that such use will substantially reduce
21 the cost and burden to insurers of such matching without
22 significant adverse impact on the reliability of the match-
23 ing.

24 (b) CONVERTIBILITY.—

1 (1) **AUTHORITY.**—The Secretary may, by regu-
2 lation, provide for insurers to comply with the re-
3 quirements under sections 4, 5, and 8(b) by report-
4 ing the information required under such sections on
5 the basis of geographical location other than MSA
6 and applicable region, but only if the Secretary de-
7 termines that information reported on such other
8 basis is convertible to the basis of MSA and applica-
9 ble region and such conversion does not affect the
10 accuracy of the information.

11 (2) **LIMITATION.**—With respect to any informa-
12 tion submitted on the basis of geographical location
13 other than designated MSA and applicable region
14 pursuant to paragraph (1), the Secretary may dis-
15 close the information only on the basis of designated
16 MSA and applicable region.

17 **SEC. 15. ANNUAL REPORTING PERIOD.**

18 (a) **IN GENERAL.**—For purposes of this Act, the an-
19 nual reporting periods shall be the 12-month periods com-
20 mencing in each calendar year on the same day, which
21 shall be selected under subsection (b) by the Secretary.

22 (b) **SELECTION.**—Not later than the expiration of the
23 6-month period beginning on the date of enactment of this
24 Act, the Secretary shall, by regulation, select a day of the
25 year upon which all annual reporting periods shall com-

1 mence. In determining such day, the Secretary shall con-
2 sider the reporting periods used for purposes of State and
3 other insurance statistical reporting systems, in order to
4 minimize the burdens on insurers.

5 **SEC. 16. DISCLOSURES BY INSURERS TO APPLICANTS AND**
6 **POLICYHOLDERS.**

7 (a) IN GENERAL.—The Secretary shall, by regula-
8 tion, require the following disclosures:

9 (1) APPLICANTS.—Each insurer that, through
10 the insurer, or an agent or broker, declines a written
11 application or written request to issue an insurance
12 policy under a designated line shall provide to the
13 applicant at the time of such declination, through
14 such insurer, agent, or broker, one of the following:

15 (A) A written explanation of the specific
16 reasons for the declination.

17 (B) Written notice that—

18 (i) the applicant may submit to the
19 insurer, agent, or broker, within 90 days of
20 such notice, a written request for a written
21 explanation of the reasons for the declina-
22 tion; and

23 (ii) pursuant to such a request, an ex-
24 planation shall be provided to the applicant

1 within 21 days after receipt of such re-
2 quest.

3 (2) PROVISION OF EXPLANATION.—If an in-
4 surer, agent, or broker making a declination receives
5 a written request referred to in paragraph (1)(B)
6 within such 90-day period, the insurer, agent, or
7 broker shall provide a written explanation referred
8 to in such subparagraph within such 21-day period.

9 (3) POLICYHOLDERS.—Each insurer that can-
10 cels or refuses to renew an insurance policy under
11 a designated line shall provide to the policyholder, in
12 writing and within an appropriate period of time as
13 determined by the Secretary, the reasons for cancel-
14 ing or refusing to renew the policy.

15 (b) MODEL ACTS.—In issuing regulations under sub-
16 section (a), the Secretary shall consider relevant portions
17 of model acts developed by the National Association of In-
18 surance Commissioners.

19 (c) PREEMPTION.—Subsection (a) shall not be con-
20 strued to annul, alter, or effect, or exempt any insurer,
21 agent, or broker subject to the provisions of subsection
22 (a) from complying with any laws or requirements of any
23 State with respect to notifying insurance applicants or pol-
24 icyholders of the reasons for declination or cancellation of,
25 or refusal to renew insurance, except to the extent that

1 such laws or requirements are inconsistent with subsection
2 (a) (or the regulations issued thereunder) and then only
3 to the extent of such inconsistency. The Secretary is au-
4 thorized to determine whether such inconsistencies exist
5 and to resolve issues regarding such inconsistencies. The
6 Secretary may not provide that any State law or require-
7 ment is inconsistent with subsection (a) if it imposes re-
8 quirements equivalent to the requirements under such
9 subsection or requirements that are more stringent or
10 comprehensive, in the determination of the Secretary.

11 (d) IMMUNITY.—In issuing regulations under sub-
12 section (a), the Secretary shall specifically consider the ne-
13 cessity of providing insurers, agents, and brokers with im-
14 munity solely for the act of conveying or communicating
15 the reasons for a declination or cancellation of, or refusal
16 to renew insurance on behalf of a principal making such
17 decision. The Secretary may provide for immunity under
18 the regulations issued under subsection (a) if the Sec-
19 retary determines that such a provision is necessary and
20 in the public interest, except that the Secretary may not
21 provide immunity for any conduct that is negligent, reck-
22 less, or willful.

23 (e) ENFORCEMENT.—The Secretary may authorize
24 the States to enforce the requirements under regulations
25 issued under subsection (a).

1 **SEC. 17. ENFORCEMENT.**

2 (a) CIVIL PENALTIES.—Any insurer who is deter-
3 mined by the Secretary, after providing opportunity for
4 a hearing on the record, to have violated any requirement
5 pursuant to this Act shall be subject to a civil penalty of
6 not to exceed \$5,000 for each day during which such viola-
7 tion continues.

8 (b) INJUNCTION.—The Secretary may bring an ac-
9 tion in an appropriate United States district court for ap-
10 propriate declaratory and injunctive relief against any in-
11 surer who violates the requirements referred to in sub-
12 section (a).

13 (c) INSURER LIABILITY.—An insurer shall be respon-
14 sible under subsections (a) and (b) for any violation of
15 a statistical agent acting on behalf of the insurer.

16 **SEC. 18. REPORTS.**

17 (a) ANNUAL REPORT.—The Secretary shall annually
18 report to the Committee on Banking, Housing, and Urban
19 Affairs of the Senate and the appropriate committees of
20 the House of Representatives on the implementation of
21 this Act and shall make recommendations to such commit-
22 tees on such additional legislation as the Secretary deems
23 appropriate to carry out this Act. The Secretary shall in-
24 clude in each annual report a description of any com-
25 plaints or problems resulting from the implementation of
26 this Act, of which the Secretary has knowledge, made by

1 (or on behalf of) insurance policyholders that concern the
2 disclosure of information regarding policyholders and any
3 recommendations for addressing such problems.

4 (b) GAO REPORTS.—

5 (1) IN GENERAL.—The Comptroller General of
6 the United States shall submit a report under this
7 subsection to the Secretary and the Congress for
8 each 5-year period referred to in sections 6(c)(2)
9 and 13(a)(2), which contains information to be used
10 by the Secretary in implementing this Act during
11 such period.

12 (2) TIMING.—The report under this subsection
13 for each such 5-year period shall be submitted not
14 later than 18 months before the commencement of
15 the period to which the report relates.

16 (3) CONTENTS.—A report under this subsection
17 shall include the following information:

18 (A) An analysis of the adequacy of the im-
19 plementation of this Act and any recommenda-
20 tions of the Comptroller General for improving
21 the implementation.

22 (B) The costs to the Federal Government,
23 insurers, and consumers of implementing and
24 complying with this Act.

1 (C) Any beneficial or harmful effects re-
2 sulting from the requirements of this Act.

3 (D) An analysis of whether, considering
4 the purposes of this Act, insurers are required
5 by this Act (or by implementing regulations) to
6 submit appropriate information.

7 (E) An analysis of whether sufficient evi-
8 dence exists of patterns of disparities in the
9 availability, affordability, and quality or type of
10 insurance coverage to warrant continued appli-
11 cability of the requirements of this Act.

12 (F) An analysis of whether the group of
13 designated MSA's in effect at the time of the
14 report are appropriate for purposes of this Act.

15 (G) Specific recommendations, for use by
16 the Secretary in designating MSA's for the 5-
17 year period for which the report is made, with
18 regard to—

19 (i) the characteristics of MSA's that
20 should be included in the group of des-
21 ignated MSA's;

22 (ii) the number of MSA's that should
23 be included in the group;

1 (iii) the number of MSA's having each
2 particular characteristic that should be in-
3 cluded in the group; and

4 (iv) the characteristics of MSA's, and
5 number of MSA's having each such char-
6 acteristic, that should be removed from the
7 group of designated MSA's in effect at the
8 time of the report.

9 (H) With respect only to the first report
10 required under this subsection, recommenda-
11 tions of whether the study conducted under sec-
12 tion 5 should be continued beyond the date in
13 section 5(b)(8) and, if so, whether the require-
14 ments regarding the submission of information
15 under the study should be expanded or changed
16 with respect to insurers, MSA's, lines, sublines
17 or coverage types of insurance, and types of
18 small businesses, or whether the study should
19 be allowed to terminate under law.

20 (I) An analysis of whether the group of
21 designated rural areas in effect at the time of
22 the report are appropriate for purposes of this
23 Act.

24 (J) Specific recommendations, for use by
25 the Secretary in designating rural areas for

1 purposes of section 6 for the 5-year period for
2 which the report is made, with regard to—

3 (i) the characteristics of rural areas
4 that should be included in the group of
5 designated rural areas under such section;

6 (ii) the number of rural areas having
7 each particular characteristic that should
8 be included in the group; and

9 (iii) the characteristics of rural areas,
10 and number of rural areas having each
11 such characteristic, that should be removed
12 from the group of designated rural areas
13 in effect at the time of the report.

14 (K) Any other information or recommenda-
15 tions relating to the requirements or implemen-
16 tation of this Act that the Comptroller General
17 considers appropriate.

18 (4) CONSULTATION.—In preparing each report
19 under this subsection, the Comptroller General shall
20 consult with Federal agencies having appropriate ex-
21 pertise, the National Association of Insurance Com-
22 missioners, State insurance regulators, statistical
23 agents, representatives of small businesses, rep-
24 resentatives of insurance agents (including minority
25 insurance agents) and property and casualty insur-

1 ers, and community, consumer, and civil rights orga-
2 nizations.

3 **SEC. 19. TASK FORCE ON AGENCY APPOINTMENTS.**

4 (a) ESTABLISHMENT.—Not later than 90 days after
5 the date of enactment of this Act, the Secretary shall es-
6 tablish a task force on insurance agency appointments
7 (hereafter in this section referred to as the “Task Force”).

8 The Task Force shall—

9 (1) consist of representatives of appropriate
10 Federal agencies, property and casualty insurance
11 agents, including specifically minority insurance
12 agents, property and casualty insurers, State insur-
13 ance regulators, and community, consumer, and civil
14 rights organizations;

15 (2) have a significant representation from mi-
16 nority insurance agents; and

17 (3) be chaired by the Secretary or the Sec-
18 retary’s designee.

19 (b) FUNCTION.— The Task Force shall—

20 (1) review the problems inner-city and minority
21 agents may have in receiving appointments to rep-
22 resent property and casualty insurers and consider
23 the effects such problems have on the availability,
24 affordability, and quality or type of insurance, espe-
25 cially in underserved areas;

1 (2) review the practices of insurers in terminat-
2 ing agents and consider the effects such practices
3 have on the availability, affordability, and quality or
4 type of insurance, especially in underserved areas;
5 and

6 (3) recommend solutions to improve the ability
7 of inner-city and minority insurance agents to mar-
8 ket property and casualty insurance products, in-
9 cluding steps property and casualty insurers should
10 take to increase their appointments of such agents.

11 (c) REPORT AND TERMINATION.—The Task Force
12 shall report to the Committee on Banking, Housing, and
13 Urban Affairs of the Senate and the appropriate commit-
14 tees of the House of Representatives its findings under
15 paragraphs (1) and (2) of subsection (b) and its rec-
16 ommendations under paragraph (3) of subsection (b) not
17 later than 2 years after the date of enactment of this Act.
18 The Task Force shall terminate on the date on which the
19 report is submitted to the committees.

20 **SEC. 20. STUDIES.**

21 (a) STUDY OF INSURANCE PRESCREENING.—

22 (1) IN GENERAL.—The Secretary shall conduct
23 a study to determine the feasibility and utility of re-
24 quiring insurers to report information with respect
25 to the characteristics of applicants for insurance and

1 reasons for rejection of applicants. The study shall
2 examine the extent to which—

3 (A) oral applications or representations are
4 used by insurers and agents in making deter-
5 minations regarding whether or not to insure a
6 prospective insured;

7 (B) written applications are used by insur-
8 ers and agents in making determinations re-
9 garding whether or not to insure a prospective
10 insured;

11 (C) written applications are submitted
12 after the insurer or agent has already made a
13 determination to provide insurance to a pro-
14 spective insured or has determined that the pro-
15 spective insured is eligible for insurance; and

16 (D) prospective insured persons are dis-
17 couraged from submitting applications for in-
18 surance based, in whole or in part, on—

19 (i) the location of the risk to be in-
20 sured;

21 (ii) the racial characteristics of the
22 prospective insured;

23 (iii) the racial composition of the
24 neighborhood in which the risk to be in-
25 sured is located; and

1 (iv) in the case of residential property
2 insurance, the age and value of the risk to
3 be insured.

4 (2) REPORT.—The Secretary shall report the
5 results of the study under paragraph (1) to the
6 Committee on Banking, Housing, and Urban Affairs
7 of the Senate and the appropriate committees of the
8 House of Representatives, not later than 2 years
9 after the date of enactment of this Act. The report
10 shall include recommendations of the Secretary—

11 (A) with respect to requiring insurers to
12 report on the disposition of oral and written ap-
13 plications for insurance; and

14 (B) for any legislation that the Secretary
15 considers appropriate regarding the issues de-
16 scribed in the report.

17 (b) STUDY OF INSURER ACTIONS TO MEET INSUR-
18 ANCE NEEDS OF CERTAIN NEIGHBORHOODS.—The Sec-
19 retary shall conduct a study of various practices, actions,
20 and methods undertaken by insurers to meet the property
21 and casualty insurance needs of residents of low- and mod-
22 erate-income neighborhoods, minority neighborhoods, and
23 small businesses located in such neighborhoods. The Sec-
24 retary shall report the results of the study, including any
25 recommendations, to the Committee on Banking, Housing,

1 and Urban Affairs of the Senate and the appropriate com-
2 mittees of the House of Representatives, not later than
3 2 years after the date of enactment of this Act.

4 (c) STUDY OF DISPARATE CLAIMS TREATMENT.—

5 (1) IN GENERAL.—The Secretary shall conduct
6 a study to determine whether, and the extent to
7 which, insurers engage in disparate treatment in
8 handling claims of policyholders under designated
9 lines of insurance based on the race, gender, and in-
10 come level of the policyholder, and on the racial
11 characteristics and income levels of the area in
12 which the insured risk is located. In conducting the
13 study, the Secretary shall specifically consider
14 whether residents of low-income neighborhoods or
15 areas and minority neighborhoods or areas are more
16 likely than residents of other areas to have their
17 claims contested or their insurance coverage can-
18 celed.

19 (2) REPORT.—The Secretary shall submit a re-
20 port on the results of the study to the Committee on
21 Banking, Housing, and Urban Affairs of the Senate
22 and the appropriate committees of the House of
23 Representatives, not later than 2 years after the
24 date of enactment of this Act.

1 (d) STUDY OF RATING TERRITORIES.—The Sec-
2 retary shall conduct a study to determine whether the
3 practice in the insurance industry of basing insurance pre-
4 mium amounts on the territory in which the insured risk
5 is located has a disparate impact on the availability, af-
6 fordability, or quality of insurance by race, gender, or type
7 of neighborhood. The Secretary shall submit a report on
8 the results of the study to the Committee on Banking,
9 Housing, and Urban Affairs of the Senate and the appro-
10 priate committees of the House of Representatives, not
11 later than 12 months after the date of enactment of this
12 Act.

13 (e) STUDY OF INSURER REINVESTMENT REQUIRE-
14 MENTS.—

15 (1) IN GENERAL.—The Secretary shall conduct
16 a study to determine the feasibility of requiring in-
17 surers to reinvest in communities and neighborhoods
18 from which they collect premiums for insurance and
19 whether, and the extent to which, community rein-
20 vestment requirements for insurers should be estab-
21 lished that are comparable to the community rein-
22 vestment requirements applicable to depository insti-
23 tutions. The Secretary shall consult with representa-
24 tives of insurers and consumer, community, and civil
25 rights organizations regarding the results of the

1 study and any recommendations to be made based
2 on the results of the study.

3 (2) REPORT.—The Secretary shall report the
4 results of the study, including any such rec-
5 ommendations, to the Committee on Banking, Hous-
6 ing, and Urban Affairs of the Senate and the appro-
7 priate committees of the House of Representatives,
8 not later than 6 months after the conclusion of the
9 first annual reporting period to which the reporting
10 requirements under this Act apply (pursuant to sec-
11 tion 26).

12 **SEC. 21. EXEMPTION AND RELATION TO STATE LAWS.**

13 (a) EXEMPTION FOR UNITED STATES PROGRAMS.—
14 Reporting shall not be required under this Act with re-
15 spect to insurance provided by any program underwritten
16 or administered by the United States.

17 (b) RELATION TO STATE LAWS.—This Act does not
18 annul, alter, or affect, or exempt the obligation of any in-
19 surer subject to this Act to comply with the laws of any
20 State or subdivision thereof with respect to public disclo-
21 sure, submission of information, and recordkeeping.

22 **SEC. 22. REGULATIONS.**

23 (a) IN GENERAL.—The Secretary shall issue any reg-
24 ulations required under this Act and any other regulations
25 that may be necessary to carry out this Act. The regula-

1 tions shall be issued through rulemaking in accordance
2 with the procedures under section 553 of title 5, United
3 States Code, for substantive rules. Except as otherwise
4 provided in this Act, such final regulations shall be issued
5 not later than the expiration of the 18-month period begin-
6 ning on the date of enactment of this Act.

7 (b) BURDENS.—In prescribing such regulations, the
8 Secretary shall take into consideration the administrative,
9 paperwork, and other burdens on insurance agents, includ-
10 ing independent insurance agents, involved in complying
11 with the requirements of this Act and shall minimize the
12 burdens imposed by such requirements with respect to
13 such agents.

14 **SEC. 23. DEFINITIONS.**

15 For purposes of this Act, the following definitions
16 shall apply:

17 (1) AGENT.—The term “agent” means, with re-
18 spect to an insurer, an agent licensed by a State
19 who sells property and casualty insurance. The term
20 includes agents who are employees of the insurer,
21 agents who are independent contractors working ex-
22 clusively for the insurer, and agents who are inde-
23 pendent contractors appointed to represent the in-
24 surer on a nonexclusive basis.

1 (2) APPLICABLE REGION.—The term “applica-
2 ble region” means, with respect to a designated
3 MSA—

4 (A) for any county located within the MSA
5 that has a population of more than 30,000, the
6 applicable census tract within the county; or

7 (B) for any county located within the MSA
8 that has a population of 30,000 or less, the ap-
9 plicable county.

10 (3) COMMERCIAL INSURANCE.—The term
11 “commercial insurance” means any line of property
12 and casualty insurance, except homeowner’s, dwell-
13 ing fire, allied lines, and other personal lines of in-
14 surance.

15 (4) DESIGNATED INSURER.—The term “des-
16 ignated insurer” means, with respect to a designated
17 line, an insurer designated for a State by the Sec-
18 retary under section 13(b) as a designated insurer
19 for such line or any insurer that is part of an in-
20 surer group selected under such section.

21 (5) DESIGNATED LINE.—The term “designated
22 line” means a line of insurance designated by the
23 Secretary under section 13(c).

24 (6) EXPOSURES.—The term “exposures”
25 means, with respect to an insurance policy, an ex-

1 pression of an exposure unit covered under the pol-
2 icy compared to the duration of the policy (pursuant
3 to standards established by the Secretary for uni-
4 form reporting of exposures).

5 (7) EXPOSURE UNITS.—The term “exposure
6 units” means a dwelling covered under an insurance
7 policy for homeowners, dwelling fire, or allied lines
8 coverage.

9 (8) INSURANCE.—The term “insurance” means
10 property and casualty insurance. Such term includes
11 primary insurance, surplus lines insurance, and any
12 other arrangement for the shifting and distributing
13 of risks that is determined to be insurance under the
14 law of any State in which the insurer or insurer
15 group engages in an insurance business.

16 (9) INSURER.—Except with respect to section
17 8, the term “insurer” means any corporation, asso-
18 ciation, society, order, firm, company, mutual, part-
19 nership, individual, aggregation of individuals, or
20 any other legal entity that is authorized to transact
21 the business of property or casualty insurance in any
22 State or that is engaged in a property or casualty
23 insurance business. The term includes any certified
24 foreign direct insurer, but does not include an indi-
25 vidual or entity which represents an insurer as agent

1 solely for the purpose of selling or which represents
2 a consumer as a broker solely for the purpose of
3 buying insurance.

4 (10) ISSUED.—The term “issued” means, with
5 respect to an insurance policy, newly issued or re-
6 newed.

7 (11) JOINT UNDERWRITING ASSOCIATION.—The
8 term “joint underwriting association” means an un-
9 incorporated association of insurers established to
10 provide a particular form of insurance to the public.

11 (12) MORTGAGE INSURANCE.—The term
12 “mortgage insurance” means insurance against the
13 nonpayment of, or default on, a mortgage or loan
14 for residential or commercial property.

15 (13) MSA.—The term “MSA” means a Metro-
16 politan Statistical Area or a Primary Metropolitan
17 Statistical Area.

18 (14) PRIVATE MORTGAGE INSURANCE.—The
19 term “private mortgage insurance” means mortgage
20 insurance other than mortgage insurance made
21 available under the National Housing Act, title 38 of
22 the United States Code, or title V of the Housing
23 Act of 1949.

24 (15) PROPERTY AND CASUALTY INSURANCE.—
25 The term “property and casualty insurance” means

1 insurance against loss of or damage to property, in-
2 surance against loss of income or extra expense in-
3 curred because of loss of, or damage to, property,
4 and insurance against third party liability claims
5 caused by negligence or imposed by statute or con-
6 tract. Such term does not include workers' com-
7 pensation, professional liability, or title insurance.

8 (16) RESIDUAL MARKET.—The term “residual
9 market” means an assigned risk plan, joint under-
10 writing association, or any similar mechanism de-
11 signed to make insurance available to those unable
12 to obtain it in the voluntary market. The term in-
13 cludes each statewide plan under part A of title XII
14 of the National Housing Act to assure fair access to
15 insurance requirements.

16 (17) RURAL AREA.—The term “rural area”
17 means any area that—

18 (A) has a population of 10,000 or more;

19 (B) has a continuous boundary; and

20 (C) contains only areas that are rural
21 areas, as such term is defined in section 520 of
22 the Housing Act of 1949 (except that clause
23 (3)(B) of such section 520 shall not apply for
24 purposes of this Act).

1 (18) SECRETARY.—The term “Secretary”
 2 means the Secretary of Housing and Urban Develop-
 3 ment.

4 (19) STATE.—The term “State” means any
 5 State, the District of Columbia, the Commonwealth
 6 of Puerto Rico, the Northern Mariana Islands, the
 7 Virgin Islands, American Samoa, and the Trust Ter-
 8 ritory of the Pacific Islands.

9 **SEC. 24. EFFECTIVE DATE.**

10 The requirements of this Act relating to reporting of
 11 information by insurers shall take effect with respect to
 12 the first annual reporting period that begins not less than
 13 2 years after the date of enactment of this Act.

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