

105TH CONGRESS  
2D SESSION

# H. R. 4145

To establish a program under the Secretary of Housing and Urban  
Development to eliminate redlining in the insurance business.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 1998

Mr. JACKSON of Illinois introduced the following bill; which was referred to  
the Committee on Banking and Financial Services

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## A BILL

To establish a program under the Secretary of Housing  
and Urban Development to eliminate redlining in the  
insurance business.

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.**

4 This Act may be cited as the “Anti-Redlining Insur-  
5 ance Disclosure Act of 1998”.

6 **SEC. 2. FINDINGS AND CONSTRUCTION.**

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

8 (1) disparities in property and casualty insur-  
9 ance coverage provided by insurers engaged in inter-  
10 state commerce between areas of different incomes

1 and racial composition could adversely affect inter-  
2 state commerce and the cost and availability of in-  
3 surance for consumers;

4 (2) insurance companies are increasingly using  
5 credit reports in their insurance underwriting prac-  
6 tices;

7 (3) the use of credit reports to deny insurance  
8 coverage to individuals and businesses in poor and  
9 minority communities could adversely affect inter-  
10 state commerce; and

11 (4) appropriate disclosures of information by in-  
12 surers would benefit consumers and insurance regu-  
13 lators.

14 (b) CONSTRUCTION.—Nothing in this Act is intended  
15 to, nor shall it be construed to, encourage unsound under-  
16 writing practices.

17 **SEC. 3. MAINTENANCE OF INFORMATION AND PUBLIC DIS-**  
18 **CLOSURE.**

19 (a) GENERAL RULE.—

20 (1) DESIGNATED INSURERS.—

21 (A) IN GENERAL.—Except as provided by  
22 subsection (b)(6), each designated insurer shall,  
23 in accordance with subsection (b), annually  
24 compile, submit to the Secretary, and make  
25 available to the public for each calendar year

1 and for designated lines of insurance in a des-  
2 ignated Metropolitan Statistical Area (referred  
3 to in this Act as “MSA”) for which the insurer  
4 was designated under section 4(a)(2)—

5 (i) the total number of policies, total  
6 exposure units (in car years and house  
7 years), and total earned premium of insur-  
8 ance policies by designated line which were  
9 issued by such insurer, exposure units can-  
10 celed, and the exposure units not renewed  
11 by such insurer;

12 (ii) the total number of claims made  
13 which, with respect to property insurance,  
14 shall be disaggregated by the type and use  
15 of the property insured, which types and  
16 uses shall include—

17 (I) properties consisting of one to  
18 4 dwelling units;

19 (II) properties consisting of more  
20 than 4 dwelling units;

21 (III) owner occupied properties;

22 (IV) rental properties: and

23 (V) vacant properties;

1 (iii) disclose the standards and cri-  
2 teria used in underwriting each designated  
3 line of insurance; and

4 (iv) the number of licensed agents of  
5 such insurer and the number within each  
6 census tract in such designated MSA,  
7 whether such agent is an employee, inde-  
8 pendent contractor working exclusively for  
9 such insurer, or an independent contractor  
10 appointed to represent such insurer on a  
11 nonexclusive basis.

12 (B) SUBMISSIONS AND AVAILABILITY.—

13 The information described in subparagraph (A)  
14 shall be—

15 (i) submitted to the Secretary in ac-  
16 cordance with subsection (d); and

17 (ii) made available to the public, in  
18 accordance with subsection (b)(2), for in-  
19 spection and copying, at cost, at the home  
20 office of the insurer and at a central de-  
21 pository established under subsection (c),  
22 by the Secretary.

23 (2) NONDESIGNATED INSURERS.—Except as  
24 provided in subsection (b)(6), every insurer which  
25 sells an insurance policy in a designated line of in-

1       surance in a designated MSA, and which is not a  
2       designated insurer in such MSA shall submit to the  
3       Secretary for each calendar year in accordance with  
4       subsection (d) and regulations of the Secretary the  
5       total exposure units (in car years and house years)  
6       of insurance policies in a designated line sold in such  
7       MSA. With respect to such policies, the insurer shall  
8       report the designated MSA where the insured risks  
9       are located for which such insurance is issued and  
10      within such MSA report the census track where the  
11      risk is located.

12      (b) REQUIREMENTS.—

13           (1) CONTENT.—The information required to be  
14      maintained and made available under subsection  
15      (a)(1) shall be itemized in order to clearly and con-  
16      spicuously disclose the policies, the exposure units,  
17      and the premium amount for each line of insurance  
18      for which information is required and be itemized by  
19      the census track where the risks are located.

20           (2) AVAILABILITY TO THE PUBLIC.—The infor-  
21      mation required to be maintained and made avail-  
22      able under subsection (a) shall be made available to  
23      the public on a timetable determined by the Sec-  
24      retary but not later than October 1 of the calendar  
25      year following the calendar year for which the infor-

1       mation is required to be made available, except that  
2       such information shall not be made available to the  
3       public until it is available in its entirety, but it shall  
4       be made available if not all the information required  
5       to be reported is available on such October 1 or on  
6       the date determined by the Secretary.

7               (3) SPECIFICATION OF DATA.—

8               (A) IN GENERAL.—With respect to infor-  
9       mation which is required to be maintained and  
10      made available under subsection (a)(1), the Sec-  
11      retary shall by regulation establish specifica-  
12      tions for the collection and public reporting of  
13      such information with respect to the following  
14      lines of insurance: private passenger auto-  
15      mobile, homeowners, dwelling fire and allied  
16      lines, small business commercial, and surety  
17      bonds. The specifications shall—

18              (i) provide that information be aggre-  
19      gated among similar policyholders and re-  
20      ported on that basis;

21              (ii) be designed to collect information  
22      with respect to the availability, cost, and  
23      type of insurance coverage between and  
24      among various geographic areas;

- 1 (iii) detail what data elements should  
2 be collected;
- 3 (iv) provide for the collection of infor-  
4 mation on an individual insurer basis;
- 5 (v) minimize burdens on insurance  
6 agents, including independent insurance  
7 agents;
- 8 (vi) provide the data required by  
9 clause (ii) with the least burden on insur-  
10 ers, particularly small insurers;
- 11 (vii) take into account the types of  
12 data collected under the Home Mortgage  
13 Disclosure Act of 1975, such as gender,  
14 racial and financial characteristics of appli-  
15 cants for insurance and the reason for any  
16 declines, cancellations, or nonrenewals  
17 made for such insurance;
- 18 (viii) take into account existing statis-  
19 tical reporting systems in the insurance in-  
20 dustry;
- 21 (ix) require itemization by census  
22 track; and
- 23 (x) include information on policies  
24 written in a residual market.

1 (B) CONSULTATIONS.—In developing the  
2 specifications in subparagraph (A), the Sec-  
3 retary shall consult with—

4 (i) other Federal agencies with appro-  
5 priate expertise;

6 (ii) State insurance regulators;

7 (iii) representatives of the insurance  
8 industry, including statistical agents;

9 (iv) representatives of insurance pro-  
10 ducers, including minority insurance pro-  
11 ducers; and

12 (v) consumer, community, and civil  
13 rights groups who are representative of a  
14 diversity of geographic locations.

15 (C) EFFECTIVE DATE.—The regulation  
16 under subparagraph (A) shall be issued no later  
17 than 270 days after the date of the enactment  
18 of this Act.

19 (4) PERIOD OF MAINTENANCE.—Any informa-  
20 tion required to be compiled and made available  
21 under subsection (a)(1) shall be maintained and  
22 made available for a period of 3 years after the close  
23 of the first year during which such information is re-  
24 quired to be maintained and made available.



1           (5) **FORMAT FOR DISCLOSURES.**—Subject to  
2 subsection (c), the Secretary shall prescribe a stand-  
3 ard format for making information available as re-  
4 quired by subsection (a)(1). Such format shall en-  
5 courage the submission of information in a form  
6 readable by a computer.

7           (6) **EXEMPTION.**—

8           (A) **SECRETARIAL ACTION.**—If the Sec-  
9 retary determines that a State has enacted a  
10 law, or otherwise implemented a requirement  
11 under which—

12                   (i) insurers operating in that State  
13 are subject to disclosure requirements on a  
14 census track basis substantially similar to  
15 those of subsection (a);

16                   (ii) there are adequate provisions for  
17 enforcement; and

18                   (iii) the information disclosed under  
19 the State law or requirement is made avail-  
20 able to the Secretary and the public in a  
21 manner similar to other information dis-  
22 closed under subsection (a)(1),

23 then the Secretary shall by regulation exempt  
24 insurers operating in that State from complying  
25 with the requirements of subsection (a)(1) with

1           respect to that State's portions of the des-  
2           ignated MSA's. If the Secretary determines  
3           that the State law or requirement no longer  
4           meets the criteria of clauses (i) through (iii) or  
5           is no longer in effect, the Secretary shall by  
6           regulation revoke the exemption.

7                   (B) UNITED STATES PROGRAM.—Report-  
8           ing shall not be required under subsection (a)  
9           with respect to insurance provided by a pro-  
10          gram underwritten or administered by the  
11          United States.

12          (c) PUBLIC ACCESS SYSTEM.—The Secretary shall  
13          implement a system to facilitate public access to informa-  
14          tion required to be made available to the public under sub-  
15          section (a)(1). Such system shall include arrangements for  
16          a central depository of information in each designated  
17          MSA and for a telephone number which can be used by  
18          the public, at cost, to request such information. State-  
19          ments shall be made available to the public for inspection  
20          and copying at such central depository of information for  
21          all designated insurers within such MSA. The Secretary  
22          shall also make copies of such statements available in  
23          forms readable by widely used personal computers, such  
24          as in disc format. The Secretary may charge a fee for such  
25          information, which may not exceed the amount, deter-

1 mined by the Secretary, that is equal to the cost of repro-  
2 ducing the information.

3 (d) SUBMISSION TO SECRETARY.—With respect to  
4 the information required to be submitted under subsection  
5 (a) to the Secretary, the Secretary shall develop regula-  
6 tions prescribing the format and method for submitting  
7 such information. Such regulations shall ensure uniform-  
8 ity among insurers, to the extent practicable, in the format  
9 used for reporting, including the definitions of data ele-  
10 ments. Any reporting insurer may submit in writing to  
11 the Secretary such additional data or explanations as it  
12 deems relevant to the decision by such insurer to sell in-  
13 surance.

14 **SEC. 4. DESIGNATIONS.**

15 (a) DESIGNATIONS BY THE SECRETARY.—

16 (1) DESIGNATIONS OF MSA'S.—The Secretary  
17 shall designate the MSA's for which reporting is re-  
18 quired under section 3(a). At a minimum, the Sec-  
19 retary shall designate the 50 MSA's having the larg-  
20 est population.

21 (2) DESIGNATION OF INSURERS.—For each  
22 MSA designated under paragraph (1), the Secretary  
23 shall take the following actions:

24 (A) The Secretary shall designate the in-  
25 surers transacting insurance business in such

1 MSA for which reporting is required under sec-  
2 tion 3(a). At a minimum, the Secretary shall  
3 designate the 25 insurers in such MSA having  
4 the largest premium volume in the designated  
5 lines of insurance in each State in which such  
6 MSA is located.

7 (B) In addition to the insurers designated  
8 under subparagraph (A), the Secretary shall  
9 also designate any entity primarily providing in-  
10 surance in a designated line of insurance as  
11 part of a residual market established by State  
12 law.

13 (C) The Secretary shall also designate, in  
14 addition to the insurers designated under sub-  
15 paragraphs (A) and (B), insurers who specialize  
16 in selling insurance in urban areas, including  
17 surplus lines insurers.

18 (D) The Secretary shall also designate, in  
19 addition to the insurers designated under sub-  
20 paragraphs (A), (B), and (C) insurers such that  
21 insurers representing at least 80 percent of the  
22 premium volume in each State in which such  
23 MSA is located in the designated line of insur-  
24 ance are designated in such MSA. The Sec-  
25 retary may not designate additional insurers

1 under this subparagraph if their market share  
2 in the designated line of insurance in the appli-  
3 cable States, as measured by premium volume  
4 in each State in which such MSA is located, is  
5 under 1 percent.

6 (E) In addition to the insurers designated  
7 under subparagraph (A), (B), (C), and (D) the  
8 Secretary may by regulation designate addi-  
9 tional insurers in a MSA if the designation of  
10 additional insurers is necessary to provide valid  
11 data with respect to the availability, cost, and  
12 type of insurance in the MSA.

13 (F) The Secretary shall revoke the des-  
14 ignation of an insurer designated under sub-  
15 paragraph (A) as follows: If such designated in-  
16 surer has a market share in a designated line  
17 of insurance in a MSA, as measured by pre-  
18 mium volume in each State in which such MSA  
19 is located, of under 1 percent, the Secretary  
20 shall revoke the designation of such insurer be-  
21 ginning with the insurer with the smallest mar-  
22 ket share of such insurance if the remainder of  
23 the designated insurers have a market share of  
24 at least 75 percent of such insurance as meas-  
25 ured by premium volume in each State in which

1 such MSA is located. In addition, the Secretary  
2 may revoke the designation of any insurer des-  
3 ignated under subparagraph (A) with a market  
4 share in a designated line of insurance in a  
5 MSA, as measured by premium volume in each  
6 State in which such MSA is located, of under  
7 1 percent if such designation has not been re-  
8 voked under this subparagraph and if such in-  
9 surer primarily sells insurance in rural areas of  
10 such MSA.

11 (G) For purposes of this paragraph, insur-  
12 ers which are affiliated or are members of the  
13 same group shall be considered together as 1  
14 insurer.

15 (3) DESIGNATION OF LINES OF INSURANCE.—  
16 For each MSA designated under paragraph (1), the  
17 following are the designated lines of property and  
18 casualty insurance for which reporting is required  
19 under section 3:

20 (A) Private passenger automobile insur-  
21 ance.

22 (B) Homeowners insurance.

23 (C) Dwelling fire and allied lines of insur-  
24 ance.

1 (D) Commercial insurance for small busi-  
2 ness.

3 (E) Surety bonds.

4 The Secretary may designate additional lines of in-  
5 surance on the basis of such criteria as the Sec-  
6 retary may by rule develop. Such a rule shall be  
7 issued in accordance with section 553 of title 5,  
8 United States Code. For purposes of this Act, the  
9 designation of a line of insurance includes a designa-  
10 tion of a subline of class of insurance.

11 (4) TIMING OF DESIGNATIONS.—

12 (A) INITIAL DESIGNATIONS.—The Sec-  
13 retary shall make initial designations required  
14 by paragraphs (1), (2), and (3) no later than  
15 July 1 of the year preceding the first year for  
16 which reporting is required under section 3.  
17 Such initial designations shall be effective for 5  
18 calendar years from the date of designation.

19 (B) SUBSEQUENT DESIGNATIONS.—Not  
20 later than July 1 of the year preceding the fifth  
21 year after a designation under subparagraph  
22 (A) or this subparagraph, the Secretary shall  
23 make another designation to be effective upon  
24 the expiration of such 5 years and such des-

1           ignation shall be effective for 5 calendar years  
2           from the date of designation.

3           (C) NOTICE.—The Secretary shall notify  
4           persons involved in the designations no later  
5           than the July 15 which follows the designation.

6           (b) OBTAINING INFORMATION.—The Secretary may  
7           obtain from insurers such information as the Secretary  
8           may require to make designations under subsection (a).

9   **SEC. 5. DISCLOSURES TO REJECTED APPLICANTS.**

10          (a) IN GENERAL.—Except as provided in subsection  
11          (e), the Secretary shall, by regulation issued under section  
12          553 of title 5, United States Code—

13                 (1) require insurers to provide to each applicant  
14                 for insurance in a designated line—

15                         (A) reasons for denying an application for  
16                         such insurance or for canceling or not renewing  
17                         a policy in force; and

18                         (B) actions the applicant may take to qual-  
19                         ify for such insurance; and

20                 (2) restrict the use insurers may make of infor-  
21                 mation relating to—

22                         (A) adverse underwriting decisions; or

23                         (B) insurance coverage in a residential  
24                 market.



1 (b) MODEL ACTS.—In issuing regulations under sub-  
2 section (a), the Secretary shall consider relevant portions  
3 of model acts developed by the National Association of In-  
4 surance Commissioners.

5 (c) ENFORCEMENT.—The Secretary may delegate to  
6 the States the authority to enforce the requirements of  
7 regulations issued under subsection (a).

8 (d) PREEMPTION.—Subsection (a) is not to be con-  
9 strued to preempt any State from imposing on insurers  
10 requirements of the type stated in such subsection, includ-  
11 ing requirements which are more stringent or more com-  
12 prehensive.

13 (e) EXEMPTION.—A regulation issued under sub-  
14 section (a) may not apply to insurance provided under a  
15 program underwritten or administered by the United  
16 States.

17 (f) DEFINITION.—For purposes of subsection  
18 (a)(2)(A), an adverse underwriting decision means any of  
19 the following actions with respect to insurance trans-  
20 actions involving insurance coverage which is individually  
21 underwritten:

22 (1) A declination of insurance coverage.

23 (2) A termination of insurance coverage.

24 (3) Failure of an agent to apply for insurance  
25 coverage with a specific insurance entity which the

1 agent represents and which is requested by the ap-  
2 plicant.

3 (4) In the case of property or casualty insur-  
4 ance coverage—

5 (A) place by an insurance entity or agent  
6 of a risk with a residual market mechanism, an  
7 unauthorized insurer, or an insurance entity  
8 which specializes in substandard risks; or

9 (B) the charging of higher rates on the  
10 basis of information which differs from that  
11 which the applicant or policyholder furnished.

12 **SEC. 6. TASK FORCE ON AGENCY APPOINTMENTS.**

13 (a) ESTABLISHMENT.—Within 90 days of the date of  
14 the enactment of this Act, the Secretary shall establish  
15 a task force on insurance agency appointments. The task  
16 force shall—

17 (1) consist of representatives of appropriate  
18 Federal agencies, property and casualty insurance  
19 agents, including specifically minority insurance  
20 agents, property and casualty insurance companies,  
21 State insurance regulators, and public interest  
22 groups;

23 (2) have a significant representation from mi-  
24 nority insurance agents; and

1           (3) be chaired by the Secretary or the Sec-  
2           retary's designee.

3           (b) FUNCTION.—The task force shall—

4           (1) review the problems inner city and minority  
5           agents may have in receiving appointments to rep-  
6           resent property and casualty insurance companies;

7           (2) review the practices of insurers in terminat-  
8           ing agents and consider the effect such practices  
9           have on the availability or cost of insurance, espe-  
10          cially in underserved areas; and

11          (3) recommend solutions to improve the ability  
12          of inner city and minority insurance agents to mar-  
13          ket property and casualty insurance products, in-  
14          cluding steps property and casualty insurance com-  
15          panies should take to increase their appointments of  
16          such agents.

17          (c) REPORT AND TERMINATION.—The task force  
18          shall report to the Committee on Banking and Financial  
19          Services of the House of Representatives and the appro-  
20          priate committee of the Senate its findings under para-  
21          graphs (1) and (2) of subsection (b) and its recommenda-  
22          tions under paragraph (3) of subsection (b) within 2 years  
23          after the date of the enactment of this Act. The task force  
24          shall terminate when the report is submitted to the com-  
25          mittees.

1 **SEC. 7. IMPLEMENTATION OF SECTION 3.**

2 (a) REGULATIONS.—The Secretary shall promulgate  
3 such regulations as may be necessary to carry out section  
4 3. Such regulations may—

5 (1) contain such classifications, differentiations,  
6 or other provisions; and

7 (2) provide for such adjustments and exceptions  
8 for any class of transactions,

9 as in the judgment of the Secretary are necessary and  
10 proper to effectuate the purposes of such section and to  
11 prevent circumvention or evasion thereof or to facilitate  
12 compliance therewith.

13 (b) DATA COLLECTION CONTRACTOR.—The Sec-  
14 retary may contract with a data collection contractor to  
15 carry out the Secretary's responsibilities under section 3  
16 if the contractor agrees to collect and make available the  
17 data pursuant to the terms and conditions of such section.  
18 A statistical agent may also be a data contractor.

19 (c) ROLE OF STATISTICAL AGENTS.—

20 (1) ACCEPTANCE OF DATA.—The Secretary  
21 and, if applicable, the contractor under the sub-  
22 section (b) contract may accept data reported under  
23 section 3(a) by a statistical agent acting on behalf  
24 of more than 1 insurer if—

25 (A) the statistical plan used by the statis-  
26 tical agent for the reporting of data on insur-

1           ance provides for the reporting of data in a  
2           manner compatible with section 3(a);

3           (B) the statistical agent reports such data  
4           on an individual insurer basis, and, at the dis-  
5           cretion of the Secretary, on an aggregate basis;

6           (C) the statistical agent provides adequate  
7           procedures to protect the integrity of the data  
8           reported;

9           (D) the statistical agent has procedures in  
10          place which ensure that data reported under the  
11          statistical plan in connection with reporting  
12          under this Act and submitted to the Secretary  
13          are not subject to adjustment by the statistical  
14          agent or an insurer for reasons other than tech-  
15          nical accuracy and conformance to the statis-  
16          tical plan;

17          (E) the statistical agent ensures that the  
18          data of 1 insurer is not subject to review by  
19          other insurers before public availability; and

20          (F) the statistical agent provides for the  
21          reporting of data in a manner compatible with  
22          the format prescribed by the Secretary under  
23          section 3(d).

24          (2) DISCONTINUANCE OF DATA ACCEPTANCE.—

25          The Secretary may, after providing an opportunity

1 for a hearing, discontinue accepting data reported  
2 under section 3(a) by a statistical agent acting on  
3 behalf of more than 1 insurer if the Secretary deter-  
4 mines the requirements for acceptance of data in  
5 paragraph (1) are no longer met.

6 (d) **ROLE OF GAO.**—The Comptroller General shall  
7 have the authority to review and audit any data collection  
8 and reporting performed under section 3, whether by the  
9 Secretary, the contractor under the subsection (b) con-  
10 tract, or a statistical agent, to ensure that the integrity  
11 of the data collected and reported is protected.

12 (e) **BURDENS ON INSURANCE AGENTS.**—In prescrib-  
13 ing regulations under this Act, the Secretary shall take  
14 into consideration the administrative, paperwork, and  
15 other burdens on insurance agents, including independent  
16 insurance agents involved in complying with the require-  
17 ments of this Act and shall minimize the burdens imposed  
18 by such requirements with respect to such agents.

19 **SEC. 8. RELATION TO STATE LAWS.**

20 This Act does not annul, alter, affect, or exempt the  
21 obligation of any insurer subject to this Act to comply with  
22 the laws of any State or subdivision thereof with respect  
23 to public disclosure and record keeping.

**1 SEC. 9. COMPILATION OF AGGREGATE DATA.**

2 (a) SCOPE OF DATA AND TABLES.—The Secretary  
3 shall compile each year, for each designated MSA, data  
4 aggregated by 5-digit zip code for all insurers who are sub-  
5 ject to section 3 or who are exempt from section 3 under  
6 subsection (b)(6)(A) of such section. The Secretary shall  
7 also produce tables indicating, for each MSA, insurance  
8 policies aggregated for various categories of 5-digit zip  
9 codes grouped according to location, age of property, in-  
10 come level, and racial characteristics of neighborhood.

11 (b) AGGREGATION OF INFORMATION.—Statistical  
12 agents may aggregate the data of insurers that report to  
13 them and may provide such information to the Secretary.  
14 The Secretary may also provide the individual company  
15 data submitted by insurers to statistical agents for aggre-  
16 gation.

17 (c) AVAILABILITY TO PUBLIC.—The data compiled  
18 and the tables produced pursuant to subsection (a) shall  
19 be made available to the public on a timetable determined  
20 by the Secretary but not later than October 1 of the year  
21 following the calendar year on which the data and tables  
22 are based.

**23 SEC. 10. ENFORCEMENT.**

24 (a) CIVIL PENALTIES.—Any insurer who is deter-  
25 mined by the Secretary, after providing opportunity for  
26 a hearing on the record, to have violated the requirements

1 of section 3 shall be subject to a civil penalty of not to  
2 exceed \$5,000 for each day during which such violation  
3 continues.

4 (b) INJUNCTION.—The Secretary may bring an ac-  
5 tion in an appropriate United States district court for ap-  
6 propriate declaratory and injunctive relief against any in-  
7 surer who violates the requirements of section 3.

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

11 **SEC. 11. SUNSET.**

12 (a) EXPIRATION.—Except as provided in subsection  
13 (b), this Act shall not be in effect after the expiration of  
14 5 years from its effective date. Prior to the expiration of  
15 4 years from such date, the Secretary shall report to the  
16 Banking and Financial Services Committee of the House  
17 of Representatives and the appropriate committee of the  
18 Senate—

19 (1) the quality of data received under section 3  
20 and the effectiveness of the data requirement, in-  
21 cluding the relation between the cost of such data  
22 gathering and the benefits from having such data  
23 available;

24 (2) the appropriateness of the geographic data  
25 reporting units;



1           (3) the need for continued reporting by the des-  
2           ignated insurers in urban areas;

3           (4) the efforts of insurers to meet the insurance  
4           needs of minority and low-income neighborhoods;  
5           and

6           (5) such other information as the Secretary de-  
7           termines will assist in considering an extension of  
8           this Act.

9           (b) EXTENSION.—Based on the Secretary’s report on  
10          the need described in subsection (a)(3) and the informa-  
11          tion described in subsection (a)(5), the Secretary may ex-  
12          tend this Act for one period of 2 years.

13       **SEC. 12. STUDIES.**

14          (a) STUDY OF INFORMATION ON INSURANCE APPLI-  
15          CANTS.—

16               (1) IN GENERAL.—The Secretary shall conduct  
17               a study to determine the feasibility and utility of the  
18               collection of information with respect to the charac-  
19               teristics of applicants for insurance and reasons for  
20               rejection of applicants. The study shall examine the  
21               extent to which—

22                       (A) oral applications or representations are  
23                       used by insurers and agents in making deter-  
24                       minations regarding whether or not to insure a  
25                       prospective insured;

1 (B) written applications are used by insur-  
2 ers and agents in making determinations re-  
3 garding whether or not to insure a prospective  
4 insured;

5 (C) written applications are submitted  
6 after the insurer or agent has already made a  
7 determination to provide insurance to a pro-  
8 spective insured or has determined that the pro-  
9 spective insured is eligible for insurance; and

10 (D) prospective insureds are discouraged  
11 from submitting applications for insurance  
12 based, in whole or in part, on—

13 (i) the location of the risk to be in-  
14 sured;

15 (ii) the race or ethnicity of the pro-  
16 spective insured;

17 (iii) the racial or ethnic composition of  
18 the neighborhood in which the risk to be  
19 insured is located; and

20 (iv) in the case of residential property  
21 insurance, the age and value of the risk to  
22 be insured.

23 (2) REPORT.—The Secretary shall report the  
24 results of the study under paragraph (1) to the  
25 Committee on Banking and Financial Services of the

1 House of Representatives and the appropriate com-  
2 mittee of the Senate within 18 months of the date  
3 of the enactment of this Act.

4 (b) STUDY OF INSURER ACTIONS TO MEET INSUR-  
5 ANCE NEEDS OF CERTAIN NEIGHBORHOODS.—The Sec-  
6 retary shall conduct a study of various practices, actions,  
7 programs, and methods undertaken by insurers to meet  
8 the property and casualty insurance needs of residents of  
9 low- and moderate-income neighborhoods, minority neigh-  
10 borhoods, and small businesses located in such neighbor-  
11 hoods. The Secretary may establish a task force of inter-  
12 ested parties, including representatives of insurance com-  
13 panies, insurance agents, including minority agents, and  
14 consumer representatives to discuss additional practices,  
15 actions, programs, and methods to meet these needs. The  
16 Secretary shall report the results of the study, including  
17 any recommendations, to the Committee on Banking and  
18 Financial Services of the House of Representatives and  
19 the appropriate committee of the Senate no later than 2  
20 years after the date of the enactment of this Act.

21 (c) STUDY OF DISPARATE CLAIM TREATMENT.—

22 (1) IN GENERAL.—The Secretary shall conduct  
23 a study to determine whether, and the extent to  
24 which, insurers engage in disparate treatment in  
25 handling claims of policyholders under designated

1 lines of insurance based on the race, gender, and in-  
2 come level of the policyholder and the racial charac-  
3 teristics and income levels of the area in which the  
4 insurance risk is located. In conducting the study,  
5 the Secretary shall specifically consider whether the  
6 residents of low-income neighborhoods or areas and  
7 minority neighborhoods or areas are more likely  
8 than residents of other areas to have their claims  
9 contested or their insurance coverage canceled.

10 (2) REPORT.—The Secretary shall submit a re-  
11 port on the results of the study under paragraph (1)  
12 to the Committee on Banking and Financial Affairs  
13 of the House of Representatives and the appropriate  
14 Committees of the Senate not later than 2 years  
15 after the date of the enactment of this Act.

16 (d) STUDY OF RATING TERRITORIES.—The Sec-  
17 retary shall conduct a study to determine whether the  
18 practice in the insurance industry of basing insurance pre-  
19 miums on the territory in which the insured risk is located  
20 has a disparate impact on the availability, affordability,  
21 or quality of insurance by race, gender, or type of neigh-  
22 borhood. The Secretary shall submit a report on the re-  
23 sults of the study to the Committee on Banking and Fi-  
24 nancial Affairs of the House of Representatives and the

1 appropriate Committees of the Senate not later than 12  
2 months after the date of the enactment of this Act.

3 (e) STUDY OF REINVESTMENT REQUIREMENTS.—

4 (1) IN GENERAL.—The Secretary shall conduct  
5 a study to determine the feasibility of requiring in-  
6 surers to reinvest in communities and neighborhoods  
7 from which they collect premiums for insurance and  
8 whether, and the extent to which, community rein-  
9 vestment requirements for insurers should be estab-  
10 lished that are comparable to the community rein-  
11 vestment requirements applicable to depository insti-  
12 tutions. The Secretary shall consult with representa-  
13 tives of insurers and consumer, community, and civil  
14 rights organizations regarding the results of the  
15 study and any recommendations to be made based  
16 on the results of the study.

17 (2) REPORT.— The Secretary shall submit a re-  
18 port on the results of the study, including any such  
19 recommendations, to the Committee on Banking and  
20 Financial Affairs of the House of Representatives  
21 and the appropriate Committees of the Senate not  
22 later than 6 months after the conclusion of the first  
23 annual reporting period to which the reporting re-  
24 quirements under this Act apply.

1 **SEC. 13. DEFINITIONS.**

2 For purposes of this Act:

3 (1) **COMMERCIAL INSURANCE.**—The term  
4 “commercial insurance” means any line of property  
5 and casualty insurance, except private passenger  
6 automobile and homeowner’s insurance.

7 (2) **DESIGNATED INSURER.**—The term “des-  
8 ignated insurer” means an insurer designated by the  
9 Secretary pursuant to section 4(a)(2).

10 (3) **DESIGNATED LINE.**—The term “designated  
11 line” means a line of insurance specified in 4(a)(3).

12 (4) **EXPOSURE UNITS.**—The term “exposure  
13 units” means units insured against risk of loss by an  
14 insurer and the term “units” means an automobile  
15 or the number of units in a building.

16 (5) **INSURER.**—The term “insurer” means any  
17 corporation, association, society, order, firm, com-  
18 pany, partnership, individual, or aggregation of indi-  
19 viduals which is subject to examination or super-  
20 vision by any State insurance regulator, or which is  
21 doing or represents an insurance business. Such  
22 term does not include an individual or entity which  
23 represents an insurer as agent for the purpose of  
24 selling or which represents a consumer as a broker  
25 for the purpose of buying insurance.

1           (6) MSA.—The term “MSA” means a Metro-  
2           politan Statistical Area or a Consolidated Metropoli-  
3           tan Statistical Area and the term “designated MSA”  
4           means an MSA designated by the Secretary pursu-  
5           ant to section 4(a)(1).

6           (7) PROPERTY AND CASUALTY INSURANCE.—  
7           The term “property and casualty insurance” means  
8           insurance against loss of or damage to property, in-  
9           surance against loss of income or extra expense in-  
10          curred because of loss of, or damage to, property,  
11          and insurance against third party liability claims  
12          caused by negligence or imposed by statute or con-  
13          tract.

14          (8) RESIDUAL MARKET.—The term “residual  
15          market” means an assigned risk plan, joint under-  
16          writing association, or any similar mechanism de-  
17          signed to make insurance available to those unable  
18          to obtain it in the voluntary market.

19          (9) SECRETARY.—The term “Secretary” means  
20          the Secretary of Housing and Urban Development.

21          (10) The term “State” means any State, the  
22          District of Columbia, the Commonwealth of Puerto  
23          Rico, the Northern Mariana Islands, the Virgin Is-  
24          lands, American Samoa, and the Trust Territory of  
25          the Pacific Islands.

1 **SEC. 14. EFFECTIVE DATE.**

2       The requirements of this Act shall take effect with  
3 respect to information on insurance described in section  
4 3 and developed in and after calendar year 2001.

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