I

116TH CONGRESS
2D SESSION

H. R. 8576

To require the Government Accountability Office to conduct biennial studies of personal private automobile insurance coverage, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 9, 2020

Ms. TLAIB (for herself, Mrs. WATSON COLEMAN, Mr. TAKANO, and Mr. GARCÍA of Illinois) introduced the following bill; which was referred to the Committee on Financial Services

---

A BILL

To require the Government Accountability Office to conduct biennial studies of personal private automobile insurance coverage, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Prevent Auto Insurance Discrimination Study Act of 2020’’ or the ‘‘PAID Study Act of 2020’’.

SEC. 2. BIENNIAL STUDIES OF PERSONAL PRIVATE AUTOMOBILE INSURANCE.

(a) BIENNIAL STUDIES.—The Comptroller General of the United States (in this section referred to as the ''Comptroller General'') shall, not later than the expiration of the 2-year period beginning on the date of the enactment of this Act and not less often than every 2 years thereafter, conduct a study under this section that—

(1) identifies non-driving related underwriting factors used by private passenger automobile insurers and the extent to which each such underwriting factor impacts the final rate for an insured and an insured's placement in an insurer's various companies and rating tiers;

(2) identifies existing controls and current automobile insurer practices to prevent discriminatory pricing of automobile insurance coverage, including any controls to identify and prevent discrimination through the use of pricing algorithms;

(3) evaluates the presence or absence of disparate impact in private passenger automobile insurance premiums, risk classifications, and an insurer's company or tier placement based on non-driving related factors, including examining how such premiums are impacted by factors such as zip code, race, religion, national origin, sexual orientation, ge-

ographic area, gender, marital status, occupation, occupation status, level of education, consumer credit score and history, and homeownership status;

(4) assesses the extent to which States consistently determine what is unfairly discriminatory in private passenger automobile insurance pricing, risk classifications, and product offerings and what standards are used by State insurance regulators to make such a determination for oversight and enforcement purposes;

(5) determines the manner and frequency with which State insurance regulators identify questionable underwriting and rating practices in the provision of private passenger automobile insurance coverage and take actions to address findings of noncompliance with State law and ensure that rates are not excessive, inadequate, or unfairly discriminatory, including analyzing any problems and deficiencies identified among State insurance regulators.

(b) PRELIMINARY ANALYSIS.—Not later than the expiration of the 12-month period beginning on the date of the enactment of this Act, the Comptroller General shall submit to the Congress preliminary analysis based on the study conducted pursuant to subsection (a) that, for private passenger automobile insurance—

(1) compares premium rates for such coverage for similar drivers with different non-driving characteristics described in subsection (a)(3) and other such characteristics as the Comptroller General considers appropriate;

(2) evaluates the use of data related to non-driving characteristics in underwriting and pricing assistance and premium calculations; and

(3) determines the extent to which any of the research indicates a disparate impact on protected classes of people resulting from the use of non-driving rating and underwriting factors.

(c) OBTAINING INSURER INFORMATION.—

(1) IN GENERAL.—The Comptroller General shall obtain and utilize in each study under this section—

(A) data from insurers that identifies, for the preceding year—

(i) premiums charged and premiums quoted for policyholders and applicants;

(ii) base rates, other rating factors, and risk classifications used for underwriting and pricing such insurance, whether in the form of underwriting guidelines, tier placement factors, rating factors, or other terminology;

(iii) the sources and uses of insurance and non-insurance data used for risk classification and pricing;

(iv) the census tract of the place garaging of the insured vehicle; and

(v) insurer rating algorithms and nonstandard data used by the insurers; and

(B) information and data from third party vendors providing pricing assistance algorithms and data to insurers and the insurance industry.

(2) AUTHORITY; LIMITATIONS.—In the collection of data and information pursuant to paragraph (1)—

(A) the provisions of section 313(e) of title 31, United States Code, that are applicable to the Director of the Federal Insurance Office of the Department of the Treasury, to the Federal Insurance Office, and to data and information collected pursuant to such section shall apply to the Comptroller General, the Government Accountability Office, and to data and information collected pursuant to paragraph (1) of this subsection, respectively; and

(B) any Federal agency, State insurance regulator or regulatory agency, other publicly available source, insurer, or third party vendor from which data and information is requested shall provide such data and information to the Comptroller General not later than the expiration of the 90-day period that begins upon receipt of such request.

(3) DISCRETION.—Paragraph (1) may not be construed to require the Comptroller General collect information and data described in such paragraph in comprehensive manner and the Comptroller General may, in the sole discretion of the Comptroller General collect as much information as the Comptroller General considers necessary to obtain an accurate sample with respect to insurers or areas that is sufficient to comply with the requirements of subsection (a).

(d) OBTAINING OTHER INFORMATION.—The Comptroller General shall obtain and utilize in each study under this section socioeconomic data from sources other than insurers, including data from the Bureau of the Census, Current Population Survey and American Community

Survey, and data from any reviews of automobile insurance premiums and rates conducted by State insurance regulator or regulatory agency, appropriate to identify and analyze, for the preceding year—

(1) socioeconomic characteristics relating to risk classifications associated with greater or lesser premium charges;

(2) zip codes, geographic areas, and communities associated with greater or lesser premium charges;

(3) zip codes, geographic areas, and communities having more or fewer choices for standard and preferred private passenger automobile insurance products and premiums;

(4) zip codes, geographic areas, and communities in which the sale of non-standard insurance, the use of automobile insurance premium financing, the use of non-voluntary automobile insurance, the rates of uninsured motorists, and civil and criminal actions for failure to maintain insurance are greatest;

(5) zip codes, geographic areas, and communities having greater or fewer insurance producer locations that provide standard/preferred options as compared to non-standard options; and

(6) zip codes, geographic areas, and communities in which the offer of and use of telematics and other newer data-driven technologies is greater or lesser.

(e) EVALUATION OF INFORMATION.—In conducting each study under this section, the Comptroller General shall evaluate the presence or absence of disparate impact in private passenger automobile insurance pricing, risk classifications, and product offerings based on race, religion, national origin, gender, marital status, sexual orientation, occupation, occupation status, level of education, consumer credit score, and homeownership status, and shall employ multi-variate statistical analysis to conduct such analysis.

(f) LIMITATION.—In conducting each study under this section, the Comptroller General may not engage in or include in the study any analysis of the reasonableness of premiums charged to claims paid or incurred.

(g) BIENNIAL REPORTS.—For each study required to be conducted pursuant to subsection (a), the Comptroller General shall submit a report to the Congress describing the study conducted, the analysis conducted under the study, and any conclusions reached pursuant to the study and analysis. The report for each such study shall be submitted not later than the deadline under subsection (a) for completion of the study.

(h) AVAILABILITY OF INFORMATION.—Upon submitting each report to the Congress pursuant to subsection (g), the Comptroller General shall make publicly available all information collected pursuant to this section for such report and other information used in conducting the study under this section for such report, except that any information made publicly available may not contain any personally identifiable information, nor any information that could identify individual insureds or applicants, under private passenger automobile insurance for which such information is collected.

(i) CONSIDERATIONS IN APPROVING PREMIUM RATES.—Each State insurance regulatory officer or agency shall take into consideration the reports submitted pursuant to subsection (a) in establishing and approving premium rates for private passenger automobile insurance coverage.

○