

104TH CONGRESS
1ST SESSION

S. 380

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

IN THE SENATE OF THE UNITED STATES

FEBRUARY 9 (legislative day, JANUARY 30), 1995

Mr. FEINGOLD (for himself and Mr. SIMON) 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 “Anti-Redlining in Insurance Disclosure Act of 1995”.

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;

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; and

10 (3) the lack of affordable and adequate com-
11 mercial insurance for small businesses severely cur-
12 tails the establishment and growth of such busi-
13 nesses.

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

15 (1) to establish a nationwide database for deter-
16 mining the availability, affordability, and adequacy

1 of insurance coverage for consumers and small busi-
2 nesses;

3 (2) to facilitate the enforcement of Federal and
4 State laws that prohibit illegally discriminatory in-
5 surance practices; and

6 (3) to determine whether the extent and charac-
7 teristics of insurance availability, affordability, and
8 coverage require public officials to take any ac-
9 tions—

10 (A) to remedy redlining or other illegally
11 or unfairly discriminatory insurance practices;

12 or

13 (B) regarding areas underserved by insur-
14 ers.

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

18 **SEC. 3. ESTABLISHMENT OF GENERAL REQUIREMENTS TO**

19 **SUBMIT INFORMATION.**

20 (a) IN GENERAL.—The Secretary shall, by regula-
21 tion, establish requirements for insurers to compile and
22 submit information to the Secretary for each annual re-
23 porting period, in accordance with this Act.

24 (b) CONSULTATION.—In establishing the require-
25 ments for the submission of information under this Act,

1 the Secretary shall consult with Federal agencies having
2 appropriate expertise, the National Association of Insur-
3 ance Commissioners, State insurance regulators, statis-
4 tical agents, representatives of small businesses, rep-
5 resentatives of insurance agents (including minority insur-
6 ance agents), representatives of property and casualty in-
7 surers, and community, consumer, and civil rights organi-
8 zations, as appropriate.

9 **SEC. 4. REPORTING OF NONCOMMERCIAL INSURANCE IN-**
10 **FORMATION.**

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

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

16 (A) the availability and affordability of in-
17 surance coverage and the quality or type of in-
18 surance coverage, by MSA and the applicable
19 region, race, and gender of policyholders; and

20 (B) the location of the principal place of
21 business of insurance agents and the race of
22 such agents, and the location of the principal
23 place of business of insurance agents termi-
24 nated and the race of such agents, by MSA and
25 applicable region; and

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

4 (b) DESIGNATED INSURERS.—

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

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

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

22 (C) the total number and racial characteris-
23 tics of—

24 (i) licensed agents of such insurer sell-
25 ing insurance in the designated line, by

1 designated MSA and applicable region in
2 which the agent's principal place of busi-
3 ness is located; and

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

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

13 (2) SPECIFICATION OF INFORMATION FOR
14 ITEMIZED DISCLOSURE.—

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

22 (i) specify the data elements that shall
23 be submitted;

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

1 (iii) provide for the submission of the
2 information with the least burden on insur-
3 ers, particularly small insurers, and insur-
4 ance agents;

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

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

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

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

18 (viii) specify—

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

22 (II) whether information, when
23 submitted, shall be aggregated by like
24 policyholders with like policies, except
25 that the Secretary shall not permit

1 such aggregation if it will adversely
2 affect the accuracy of the information
3 reported;

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

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

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

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

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

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

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

22 (c) NONDESIGNATED INSURERS.—The regulations is-
23 sued under section 3 shall require each insurer that issues
24 an insurance policy in a designated line of insurance under
25 section 13(c)(1) that covers an insured risk located in a

1 designated MSA and which is not a designated insurer for
2 the line in any State in which any part of such MSA is
3 located, to compile and submit to the Secretary, for each
4 annual reporting period—

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

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

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

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

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

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

19 (b) SUBMISSION OF INFORMATION.—To acquire in-
20 formation for the study under this section, the Secretary
21 shall, by regulation, establish requirements for insurers
22 providing commercial insurance for residential properties
23 and small businesses to compile and submit to the Sec-
24 retary on an annual basis information regarding such in-
25 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 50
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. The Secretary shall (to the extent possible)
24 designate one rural area under this paragraph in
25 each State of the United States.

1 (2) AFTER FIRST 5 YEARS.—With respect to
2 annual reporting periods thereafter, a rural area for
3 which a designation made by the Secretary under
4 this paragraph is in effect, pursuant to the following
5 requirements:

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

13 (B) The Secretary shall designate 50 rural
14 areas as designated rural areas for each such 5-
15 year period and shall designate such rural areas
16 based upon the information and recommenda-
17 tions made in the report under section 18(b) re-
18 lating to the period.

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

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

1 (ii) not later than 6 months after the
2 submission to the Secretary of the report
3 under section 18(b) relating to such pe-
4 riod.

5 (D) The designations of rural areas for a
6 5-year period shall take effect upon the com-
7 mencement of the first annual reporting period
8 of the 5-year period beginning not less than 12
9 months after the issuance of the regulations
10 making such designations, and shall remain in
11 effect until the expiration of the 5-year period.

12 Notwithstanding any other provision of this section, the
13 designation of a rural area shall remain in effect until a
14 succeeding designation of rural areas under paragraph (2)
15 takes effect.

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

17 (a) WAIVER FOR STATES COLLECTING EQUIVALENT
18 INFORMATION.—

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

1 relates to agents or insured risks located in the
2 State.

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

7 (A) requires insurers to submit to the
8 State information that is the same as or equiva-
9 lent to the information that is required to be
10 submitted to the Secretary pursuant to sections
11 4, 5, and 6;

12 (B) provides for adequate enforcement of
13 such law or other requirements;

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

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

24 (3) DURATION.—A waiver pursuant to para-
25 graph (1) may remain in effect only during the pe-

1 riod for which the State law or other requirement
2 under paragraph (2) remains in effect.

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

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

7 (2) any State for which such a waiver has not
8 been made;

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

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

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

23 (a) HMDA REPORTING.—On an annual basis, the
24 Federal Financial Institutions Examination Council (here-
25 after in this section referred to as the “Council”) shall

1 determine the extent to which each insurer providing pri-
2 vate mortgage insurance is making available to the public
3 and submitting to the appropriate agency information re-
4 garding such insurance that is equivalent to the informa-
5 tion regarding mortgages required to be reported under
6 the Home Mortgage Disclosure Act of 1975.

7 (b) REPORTING UNDER THIS ACT.—

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

22 (2) REQUIREMENT.—Upon the receipt of a cer-
23 tification under paragraph (1), the Secretary shall,
24 by regulation, require such insurer to submit to the
25 Secretary information regarding such insurance that

1 complies with the provisions of section 4 that are ap-
2 plicable to such insurance. Such regulations shall be
3 issued not later than 6 months after receipt of such
4 certification and shall apply to the first succeeding
5 annual reporting period beginning not less than 6
6 months after issuance of such regulations and to
7 each annual reporting period thereafter.

8 **SEC. 9. USE OF DATA CONTRACTOR AND STATISTICAL**
9 **AGENTS.**

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

20 (b) USE OF STATISTICAL AGENTS.—

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

1 (2) PROTECTIONS.—The regulations issued
2 under this subsection shall permit submission of in-
3 formation through a statistical agent only if the Sec-
4 retary determines that—

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

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

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

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

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

1 (3) DISCONTINUANCE OF ACCEPTANCE OF IN-
2 FORMATION.—The Secretary may discontinue ac-
3 cepting information reported through a statistical
4 agent pursuant to this subsection if the Secretary
5 determines that the requirements for such reporting
6 are no longer met or that continued acceptance of
7 such information is contrary to the goal of ensuring
8 the accuracy of the information reported.

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

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

1 **SEC. 10. SUBMISSION OF INFORMATION TO SECRETARY**
2 **AND MAINTENANCE OF INFORMATION.**

3 (a) PERIOD OF MAINTENANCE.—Each insurer re-
4 quired by this Act to compile and submit information to
5 the Secretary shall maintain such information for the 3-
6 year period beginning upon the conclusion of the annual
7 reporting period to which such information relates. The
8 Secretary shall maintain any information submitted to the
9 Secretary for such period as the Secretary considers ap-
10 propriate and feasible to carry out the purposes of this
11 Act and to allow for historical analysis and comparison
12 of the information.

13 (b) SUBMISSION.—The Secretary shall issue regula-
14 tions prescribing a standard schedule (taking into consid-
15 eration the provisions of section 12(a)), format, and meth-
16 od for submitting information under this Act to the Sec-
17 retary. The format and method of submitting the informa-
18 tion shall facilitate and encourage the submission in a
19 form readable by a computer. Any insurer submitting in-
20 formation to the Secretary may submit in writing to the
21 Secretary any additional information or explanations that
22 the insurer considers relevant to the decision by the in-
23 surer to sell insurance.

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

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

1 (1) compile, for each designated MSA, by des-
2 igned line (and if such information is submitted,
3 by subline or coverage type)—

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

9 (B) such information and loss ratios (if the
10 submission of loss information is required), ag-
11 gregated by applicable region for each such in-
12 surer; and

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

18 (A) insurance underwriting patterns aggre-
19 gated for the applicable regions within the
20 MSA, grouped according to location, age of
21 property, income level, and racial characteristics
22 of neighborhoods; and

23 (B) loss ratios based on the information
24 obtained pursuant to sections 4, 5, 7, and 8(b)
25 (if the submission of loss information is re-

1 quired), aggregated for the applicable regions
2 within the MSA, grouped according to location,
3 age of property, income level, and racial charac-
4 teristics of neighborhoods.

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

9 (1) by designated insurer by applicable region;

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

14 (3) for all designated insurers that have submit-
15 ted such information for the designated MSA, aggreg-
16 ated for the applicable regions within the des-
17 ignated MSA, grouped according to location, age of
18 property, income level, and racial characteristics.

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

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

24 (A) information regarding insurance in
25 rural areas submitted under sections 6 and 7

1 and loss ratios, for all insurers for which such
2 information is submitted; and

3 (B) such information and loss ratios, for
4 each such insurer; and

5 (2) produce tables for each 5-digit zip code
6 based on information regarding insurance in rural
7 areas submitted under sections 6 and 7, by insurer
8 and for all such insurers for which information is
9 submitted under such sections, by designated line
10 (and if such information is submitted, by subline or
11 coverage type), indicating—

12 (A) insurance underwriting patterns, ag-
13 gregated by zip codes, grouped according to lo-
14 cation, age of property, income level, and racial
15 characteristics of neighborhoods (where such
16 demographic information is available); and

17 (B) loss ratios, based on the information
18 obtained pursuant to sections 6 and 7, aggre-
19 gated by zip codes, grouped according to loca-
20 tion, age of property, income level, and racial
21 characteristics of neighborhoods (where such
22 demographic information is available).

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

24 (a) AVAILABILITY TO PUBLIC.—

1 (1) IN GENERAL.—The Secretary shall main-
2 tain and make available to the public, in accordance
3 with the requirements of this section, any informa-
4 tion submitted to the Secretary under this Act and
5 any information compiled by the Secretary under
6 this Act.

7 (2) TIMING.—The Secretary shall make such
8 information publicly available on a timetable deter-
9 mined by the Secretary, but not later than 9 months
10 after the conclusion of the annual reporting period
11 to which the information relates, except that such
12 information shall not be made available to the public
13 until it is available in its entirety unless not all the
14 information required to be reported is available by
15 such date.

16 (b) PUBLIC ACCESS SYSTEM.—

17 (1) IMPLEMENTATION.—The Secretary shall
18 implement a system to facilitate access to any infor-
19 mation required to be made available to the public
20 under this Act.

21 (2) BASES OF AVAILABILITY.—The system shall
22 provide access in the following manners:

23 (A) ACCESS TO ITEMIZED INFORMATION.—

24 To information submitted under sections 4, 5,
25 6, 7, and 8(b) on the basis of the insurer sub-

1 mitting the information, on the basis of des-
2 ignated MSA and applicable region (or in the
3 case of rural information submitted under sec-
4 tion 6 or 7, on the basis of 5-digit zip code),
5 and on any other basis the Secretary considers
6 feasible and appropriate.

7 (B) ACCESS TO AGGREGATE INFORMA-
8 TION.—To aggregate information compiled
9 under section 11, on the basis of—

10 (i) the insurer submitting the infor-
11 mation;

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

16 (iii) any other basis the Secretary con-
17 siders feasible and appropriate.

18 (3) METHOD.—The access system shall include
19 a toll-free telephone number that can be used by the
20 public to request such information and the address
21 at which a written request for such information may
22 be submitted.

23 (4) FORM.—The Secretary shall, by regulation,
24 establish the forms in which such information may
25 be furnished by the Secretary. Such forms shall in-

1 clude written statements, forms readable by widely
2 used personal computers, and, if feasible, on-line ac-
3 cess for personal computers. The Secretary shall
4 provide the information available under this section
5 in any such form requested by the person requesting
6 the information, except that the Secretary may
7 charge a fee for providing such information, which
8 may not exceed the amount, determined by the Sec-
9 retary, that is equal to the cost of reproducing the
10 information.

11 (5) ANALYSIS SOFTWARE.—The Secretary shall
12 make available to the public software that can be
13 used on a personal computer to analyze the informa-
14 tion provided under this section. The software shall
15 be capable of analyzing the information by insurer,
16 designated line, race, gender, MSA, and applicable
17 region. It shall also contain data compiled by the
18 Secretary for each MSA and applicable region on in-
19 come levels, age of property, and racial characteris-
20 tics that can be used to evaluate the information
21 provided under this Act by insurers. The software
22 and any accompanying data shall be made available
23 to the public without charge, except for an amount,
24 determined by the Secretary, which shall not exceed

1 the actual cost of reproducing the software and the
2 accompanying data.

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 150 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 100 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 and

8 (ii) diversity in size of the populations
9 among such MSA's.

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

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

21 (B) The Secretary shall designate not less
22 than 150 MSA's as designated MSA's for each
23 such 5-year period and shall designate such
24 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, Finance and Urban
22 Affairs of the House of Representatives and the ap-
23 propriate committees of the Senate.

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) ADDRESS CONVERSION SOFTWARE.—The Sec-
25 retary shall make available, to any insurer required to pro-

1 vide information to the Secretary under this Act, computer
2 software that can be used to convert addresses to applica-
3 ble regions within designated MSA's. The software shall
4 be made available in forms that provide such conversion
5 for designated MSA's on a nationwide basis and on a
6 State-by-State basis. The software shall be made available
7 not later than 6 months before the first annual reporting
8 period to which the reporting requirements under this Act
9 apply (pursuant to section 26) and shall be updated annu-
10 ally. The software shall be made available without charge,
11 except for an amount, determined by the Secretary, which
12 shall not exceed the actual cost of reproducing the soft-
13 ware.

14 (c) CONVERTIBILITY.—

15 (1) AUTHORITY.—The Secretary may, by regu-
16 lation, provide for insurers to comply with the re-
17 quirements under sections 4, 5, and 8(b) by report-
18 ing the information required under such sections on
19 the basis of geographical location other than MSA
20 and applicable region, but only if the Secretary de-
21 termines that information reported on such other
22 basis is convertible to the basis of MSA and applica-
23 ble region and such conversion does not affect the
24 accuracy of the information.

1 (2) LIMITATION.—With respect to any informa-
2 tion submitted on the basis of geographical location
3 other than designated MSA and applicable region
4 pursuant to paragraph (1), the Secretary may dis-
5 close the information only on the basis of designated
6 MSA and applicable region.

7 **SEC. 15. ANNUAL REPORTING PERIOD.**

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

12 (b) SELECTION.—Not later than the expiration of the
13 6-month period beginning on the date of enactment of this
14 Act, the Secretary shall, by regulation, select a day of the
15 year upon which all annual reporting periods shall com-
16 mence. In determining such day, the Secretary shall con-
17 sider the reporting periods used for purposes of State and
18 other insurance statistical reporting systems, in order to
19 minimize the burdens on insurers.

20 **SEC. 16. DISCLOSURES BY INSURERS TO APPLICANTS AND**
21 **POLICYHOLDERS.**

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

24 (1) APPLICANTS.—Each insurer that, through
25 the insurer, or an agent or broker, declines a written

1 application or written request to issue an insurance
2 policy under a designated line shall provide to the
3 applicant at the time of such declination, through
4 such insurer, agent, or broker, one of the following:

5 (A) A written explanation of the specific
6 reasons for the declination.

7 (B) Written notice that—

8 (i) the applicant may submit to the
9 insurer, agent, or broker, within 90 days of
10 such notice, a written request for a written
11 explanation of the reasons for the declina-
12 tion; and

13 (ii) pursuant to such a request, an ex-
14 planation shall be provided to the applicant
15 within 21 days after receipt of such re-
16 quest.

17 (2) PROVISION OF EXPLANATION.—If an in-
18 surer, agent, or broker making a declination receives
19 a written request referred to in paragraph (1)(B)
20 within such 90-day period, the insurer, agent, or
21 broker shall provide a written explanation referred
22 to in such subparagraph within such 21-day period.

23 (3) POLICYHOLDERS.—Each insurer that can-
24 cels or refuses to renew an insurance policy under
25 a designated line shall provide to the policyholder, in

1 writing and within an appropriate period of time as
2 determined by the Secretary, the reasons for cancel-
3 ing or refusing to renew the policy.

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

8 (c) PREEMPTION.—Subsection (a) shall not be con-
9 strued to annul, alter, or effect, or exempt any insurer,
10 agent, or broker subject to the provisions of subsection
11 (a) from complying with any laws or requirements of any
12 State with respect to notifying insurance applicants or pol-
13 icyholders of the reasons for declination or cancellation of,
14 or refusal to renew insurance, except to the extent that
15 such laws or requirements are inconsistent with subsection
16 (a) (or the regulations issued thereunder) and then only
17 to the extent of such inconsistency. The Secretary is au-
18 thorized to determine whether such inconsistencies exist
19 and to resolve issues regarding such inconsistencies. The
20 Secretary may not provide that any State law or require-
21 ment is inconsistent with subsection (a) if it imposes re-
22 quirements equivalent to the requirements under such
23 subsection or requirements that are more stringent or
24 comprehensive, in the determination of the Secretary.

1 (d) IMMUNITY.—In issuing regulations under sub-
2 section (a), the Secretary shall specifically consider the ne-
3 cessity of providing insurers, agents, and brokers with im-
4 munity solely for the act of conveying or communicating
5 the reasons for a declination or cancellation of, or refusal
6 to renew insurance on behalf of a principal making such
7 decision. The Secretary may provide for immunity under
8 the regulations issued under subsection (a) if the Sec-
9 retary determines that such a provision is necessary and
10 in the public interest, except that the Secretary may not
11 provide immunity for any conduct that is negligent, reck-
12 less, or willful.

13 (e) ENFORCEMENT.—The Secretary may authorize
14 the States to enforce the requirements under regulations
15 issued under subsection (a).

16 **SEC. 17. ENFORCEMENT.**

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

23 (b) INJUNCTION.—The Secretary may bring an ac-
24 tion in an appropriate United States district court for ap-
25 propriate declaratory and injunctive relief against any in-

1 surer who violates the requirements referred to in sub-
2 section (a).

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

6 **SEC. 18. REPORTS.**

7 (a) ANNUAL REPORT.—The Secretary shall annually
8 report to the Committee on Banking, Finance and Urban
9 Affairs of the House of Representatives and the appro-
10 priate committees of the Senate on the implementation of
11 this Act and shall make recommendations to such commit-
12 tees on such additional legislation as the Secretary deems
13 appropriate to carry out this Act. The Secretary shall in-
14 clude in each annual report a description of any com-
15 plaints or problems resulting from the implementation of
16 this Act, of which the Secretary has knowledge, made by
17 (or on behalf of) insurance policyholders that concern the
18 disclosure of information regarding policyholders and any
19 recommendations for addressing such problems. Each re-
20 port shall specifically address whether granting property
21 and casualty insurance powers to other financial
22 intermediaries would significantly reduce redlining and
23 other discriminatory insurance practices and the Secretary
24 shall consult with the appropriate financial institution reg-
25 ulators regarding such issues in preparing the report.

1 (b) GAO REPORTS.—

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

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

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

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

19 (B) The costs to the Federal Government,
20 insurers, and consumers of implementing and
21 complying with this Act.

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

24 (D) An analysis of whether, considering
25 the purposes of this Act, insurers are required

1 by this Act (or by implementing regulations) to
2 submit appropriate information.

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

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

11 (G) Specific recommendations, for use by
12 the Secretary in designating MSA's for the 5-
13 year period for which the report is made, with
14 regard to—

15 (i) the characteristics of MSA's that
16 should be included in the group of des-
17 ignated MSA's;

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

20 (iii) the number of MSA's having each
21 particular characteristic that should be in-
22 cluded in the group; and

23 (iv) the characteristics of MSA's, and
24 number of MSA's having each such char-
25 acteristic, that should be removed from the

1 group of designated MSA's in effect at the
2 time of the report.

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

14 (I) An analysis of whether the group of
15 designated rural areas in effect at the time of
16 the report are appropriate for purposes of this
17 Act.

18 (J) Specific recommendations, for use by
19 the Secretary in designating rural areas for
20 purposes of section 6 for the 5-year period for
21 which the report is made, with regard to—

22 (i) the characteristics of rural areas
23 that should be included in the group of
24 designated rural areas under such section;

1 (ii) the number of rural areas having
2 each particular characteristic that should
3 be included in the group; and

4 (iii) the characteristics of rural areas,
5 and number of rural areas having each
6 such characteristic, that should be removed
7 from the group of designated rural areas
8 in effect at the time of the report.

9 (K) Any other information or recommenda-
10 tions relating to the requirements or implemen-
11 tation of this Act that the Comptroller General
12 considers appropriate.

13 (4) CONSULTATION.—In preparing each report
14 under this subsection, the Comptroller General shall
15 consult with Federal agencies having appropriate ex-
16 pertise, the National Association of Insurance Com-
17 missioners, State insurance regulators, statistical
18 agents, representatives of small businesses, rep-
19 resentatives of insurance agents (including minority
20 insurance agents) and property and casualty insur-
21 ers, and community, consumer, and civil rights orga-
22 nizations.

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

24 (a) ESTABLISHMENT.—Not later than 90 days after
25 the date of enactment of this Act, the Secretary shall es-

1 tablish a task force on insurance agency appointments
2 (hereafter in this section referred to as the “Task Force”).

3 The Task Force shall—

4 (1) consist of representatives of appropriate
5 Federal agencies, property and casualty insurance
6 agents, including specifically minority insurance
7 agents, property and casualty insurers, State insur-
8 ance regulators, and community, consumer, and civil
9 rights organizations;

10 (2) have a significant representation from mi-
11 nority insurance agents; and

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

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

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

21 (2) review the practices of insurers in terminat-
22 ing agents and consider the effects such practices
23 have on the availability, affordability, and quality or
24 type of insurance, especially in underserved areas;
25 and

1 (3) recommend solutions to improve the ability
2 of inner-city and minority insurance agents to mar-
3 ket property and casualty insurance products, in-
4 cluding steps property and casualty insurers should
5 take to increase their appointments of such agents.

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

15 **SEC. 20. STUDIES.**

16 (a) STUDY OF INSURANCE PRESCREENING.—

17 (1) IN GENERAL.—The Secretary shall conduct
18 a study to determine the feasibility and utility of re-
19 quiring insurers to report information with respect
20 to the characteristics of applicants for insurance and
21 reasons for rejection of applicants. The study shall
22 examine the extent to which—

23 (A) oral applications or representations are
24 used by insurers and agents in making deter-

1 minations regarding whether or not to insure a
2 prospective insured;

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

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

12 (D) prospective insured persons are dis-
13 couraged from submitting applications for in-
14 surance based, in whole or in part, on—

15 (i) the location of the risk to be in-
16 sured;

17 (ii) the racial characteristics of the
18 prospective insured;

19 (iii) the racial composition of the
20 neighborhood in which the risk to be in-
21 sured is located; and

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

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

8 (A) with respect to requiring insurers to
9 report on the disposition of oral and written ap-
10 plications for insurance; and

11 (B) for any legislation that the Secretary
12 considers appropriate regarding the issues de-
13 scribed in the report.

14 (b) STUDY OF INSURER ACTIONS TO MEET INSUR-
15 ANCE NEEDS OF CERTAIN NEIGHBORHOODS.—The Sec-
16 retary shall conduct a study of various practices, actions,
17 and methods undertaken by insurers to meet the property
18 and casualty insurance needs of residents of low- and mod-
19 erate-income neighborhoods, minority neighborhoods, and
20 small businesses located in such neighborhoods. The Sec-
21 retary shall report the results of the study, including any
22 recommendations, to the Committee on Banking, Finance
23 and Urban Affairs of the House of Representatives and
24 the appropriate committees of the Senate, not later than
25 2 years after the date of enactment of this Act.

1 (c) STUDY OF DISPARATE CLAIMS TREATMENT.—

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

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

22 (d) STUDY OF RATING TERRITORIES.—The Sec-
23 retary shall conduct a study to determine whether the
24 practice in the insurance industry of basing insurance pre-
25 mium amounts on the territory in which the insured risk

1 is located has a disparate impact on the availability, af-
2 fordability, or quality of insurance by race, gender, or type
3 of neighborhood. The Secretary shall submit a report on
4 the results of the study to the Committee on Banking, Fi-
5 nance and Urban Affairs of the House of Representatives
6 and the appropriate committees of the Senate, not later
7 than 12 months after the date of enactment of this Act.

8 (e) STUDY OF INSURER REINVESTMENT REQUIRE-
9 MENTS.—

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

23 (2) REPORT.—The Secretary shall report the
24 results of the study, including any such rec-
25 ommendations, to the Committee on Banking, Fi-

1 nance and Urban Affairs of the House of Represent-
2 atives and the appropriate committees of the Senate,
3 not later than 6 months after the conclusion of the
4 first annual reporting period to which the reporting
5 requirements under this Act apply (pursuant to sec-
6 tion 26).

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

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

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

17 **SEC. 22. REGULATIONS.**

18 (a) IN GENERAL.—The Secretary shall issue any reg-
19 ulations required under this Act and any other regulations
20 that may be necessary to carry out this Act. The regula-
21 tions shall be issued through rulemaking in accordance
22 with the procedures under section 553 of title 5, United
23 States Code, for substantive rules. Except as otherwise
24 provided in this Act, such final regulations shall be issued

1 not later than the expiration of the 18-month period begin-
2 ning on the date of enactment of this Act.

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

10 **SEC. 23. DEFINITIONS.**

11 For purposes of this Act, the following definitions
12 shall apply:

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

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

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

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

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

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

18 (5) DESIGNATED INVESTMENT.—The term
19 “designated investment” means making or purchas-
20 ing a loan for the purchase of commercial real es-
21 tate, making or purchasing a mortgage loan for the
22 purchase of a 1- to 4-family dwelling, making or
23 purchasing a commercial or industrial loan.

24 (6) DESIGNATED LINE.—The term “designated
25 line” means a line of insurance or bid, performance,

1 and payment bonds designated by the Secretary
2 under section 13(c).

3 (7) EXPOSURES.—The term “exposures”
4 means, with respect to an insurance policy, an ex-
5 pression of an exposure unit covered under the pol-
6 icy compared to the duration of the policy (pursuant
7 to standards established by the Secretary for uni-
8 form reporting of exposures).

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

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

20 (10) INSURER.—Except with respect to section
21 8, the term “insurer” means any corporation, asso-
22 ciation, society, order, firm, company, mutual, part-
23 nership, individual, aggregation of individuals, or
24 any other legal entity that is authorized to transact
25 the business of property or casualty insurance in any

1 State or that is engaged in a property or casualty
2 insurance business. The term includes any certified
3 foreign direct insurer, but does not include an indi-
4 vidual or entity which represents an insurer as agent
5 solely for the purpose of selling or which represents
6 a consumer as a broker solely for the purpose of
7 buying insurance.

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

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

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

19 (14) MSA.—The term “MSA” means a Metro-
20 politan Statistical Area or a Primary Metropolitan
21 Statistical Area.

22 (15) PRIVATE MORTGAGE INSURANCE.—The
23 term “private mortgage insurance” means mortgage
24 insurance other than mortgage insurance made
25 available under the National Housing Act, title 38 of

1 the United States Code, or title V of the Housing
2 Act of 1949.

3 (16) PROPERTY AND CASUALTY INSURANCE.—
4 The term “property and casualty insurance” means
5 insurance against loss of or damage to property, in-
6 surance against loss of income or extra expense in-
7 curred because of loss of, or damage to, property,
8 and insurance against third party liability claims
9 caused by negligence or imposed by statute or con-
10 tract. Such term does not include workers’ com-
11 pensation, professional liability, or title insurance.

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

20 (18) RURAL AREA.—The term “rural area”
21 means any area that—

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

23 (B) has a continuous boundary; and

24 (C) contains only areas that are rural
25 areas, as such term is defined in section 520 of

1 the Housing Act of 1949 (except that clause
2 (3)(B) of such section 520 shall not apply for
3 purposes of this Act).

4 (19) SECRETARY.—The term “Secretary”
5 means the Secretary of Housing and Urban Develop-
6 ment.

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

12 **SEC. 24. EFFECTIVE DATE.**

13 The requirements of this Act relating to reporting of
14 information by insurers shall take effect with respect to
15 the first annual reporting period that begins not less than
16 3 years after the date of enactment of this Act.

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S 380 IS—3

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