

104TH CONGRESS
1ST SESSION

H. R. 176

To provide for disclosures for insurance in interstate commerce.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 4, 1995

Mr. COLLINS of Illinois introduced the following bill; which was referred to the Committee on Commerce

A BILL

To provide for disclosures for insurance in interstate commerce.

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 in In-
5 surance Disclosure Act”.

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
11 and racial composition could adversely affect inter-

1 state commerce and the cost and availability of in-
2 surance for consumers, and

3 (2) appropriate disclosures of information by in-
4 surers would benefit consumers and insurance regu-
5 lators.

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

9 **SEC. 3. MAINTENANCE OF INFORMATION AND PUBLIC DIS-**
10 **CLOSURE.**

11 (a) GENERAL RULE.—

12 (1) DESIGNATED INSURERS.—

13 (A) IN GENERAL.—Except as provided by
14 subsection (b)(7), each designated insurer shall,
15 in accordance with subsection (b), annually
16 compile, submit to the Secretary, and make
17 available to the public for each calendar year
18 and for designated lines of insurance in a des-
19 ignated MSA—

20 (i) the total number of policies, total
21 exposure units (in car years and house
22 years), and total earned premium of insur-
23 ance policies by designated line which were
24 issued by such insurer and the new written
25 exposure units, exposure units canceled,

1 and the exposure units not renewed by
2 such insurer, and

3 (ii) the number of licensed agents of
4 such insurer whose principal place of busi-
5 ness is located in such designated MSA
6 and the number within each 5-digit zip
7 code in such designated MSA and with re-
8 spect to each such agent, whether such
9 agent is an employee, independent contrac-
10 tor working exclusively for such insurer, or
11 an independent contractor appointed to
12 represent such insurer on a non-exclusive
13 basis.

14 (B) SUBMISSIONS AND AVAILABILITY.—

15 The information described in subparagraph (A)
16 shall be—

17 (i) submitted to the Secretary in ac-
18 cordance with subsection (d), and

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

1 (2) NON-DESIGNATED INSURERS.—Except as
2 provided in subsection (b)(7), every insurer which
3 sells an insurance policy in a designated line of in-
4 surance in a designated MSA and which is not a
5 designated insurer in such MSA shall submit to the
6 Secretary for each calendar year in accordance with
7 subsection (d) and regulations of the Secretary the
8 total exposure units (in car years and house years)
9 of insurance policies in a designated line sold in such
10 MSA. With respect to such policies, the insurer shall
11 report the designated MSA where the insured risks
12 are located for which such insurance is issued and
13 within such MSA report the 5-digit zip code where
14 the risk is located.

15 (b) REQUIREMENTS.—

16 (1) CONTENT.—The information required to be
17 maintained and made available under subsection
18 (a)(1) shall be itemized in order to clearly and con-
19 spicuously disclose the policies, the exposure units,
20 and the premium amount for each line of insurance
21 for which information is required and be itemized by
22 the 5-digit zip code where the risks are located.

23 (2) AVAILABILITY TO THE PUBLIC.—The infor-
24 mation required to be maintained and made avail-
25 able under subsection (a) shall be made available to

1 the public on a timetable determined by the Sec-
2 retary but not later than October 1 of the calendar
3 year following the calendar year for which the infor-
4 mation is required to be made available, except that
5 such information shall not be made available to the
6 public until it is available in its entirety but it shall
7 be made available if not all the information required
8 to be reported is available on such October 1 or on
9 the date determined by the Secretary.

10 (3) SPECIFICATION OF DATA.—

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

20 (i) provide that information be aggre-
21 gated among similar policyholders and re-
22 ported on that basis,

23 (ii) be designed to collect information
24 with respect to the availability, cost, and

1 type of insurance coverage between and
2 among various geographic areas,

3 (iii) detail what data elements should
4 be collected,

5 (iv) provide for the collection of infor-
6 mation on an individual insurer basis,

7 (v) minimize burdens on insurance
8 agents, including independent insurance
9 agents,

10 (vi) provide the data required by
11 clause (ii) with the least burden on insur-
12 ers, particularly small insurers,

13 (vii) take into account the types of
14 data collected under the Home Mortgage
15 Disclosure Act of 1975,

16 (viii) take into account existing statis-
17 tical reporting systems in the insurance in-
18 dustry,

19 (ix) require itemization by 5-digit zip
20 code, and

21 (x) include information on policies
22 written in a residual market.

23 (B) CONSULTATIONS.—In developing the
24 specifications in subparagraph (A), the Sec-
25 retary shall consult with—

- 1 (i) other Federal agencies with appro-
2 priate expertise,
3 (ii) State insurance regulators,
4 (iii) representatives of the insurance
5 industry, including statistical agents,
6 (iv) representatives of insurance pro-
7 ducers, including minority insurance pro-
8 ducers, and
9 (v) consumer, community, and civil
10 rights groups who are representative of a
11 diversity of geographic locations.

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

16 (4) COMMERCIAL INSURANCE STUDY AND PILOT
17 PROJECT.—

18 (A) STUDY.—The Secretary shall conduct
19 a study regarding the availability of commercial
20 insurance (other than professional liability in-
21 surance, workers compensation insurance, and
22 title insurance) with special emphasis on the
23 availability of commercial insurance for small
24 business. The study shall focus on—

1 (i) an appropriate definition for small
2 business; and

3 (ii) preliminary views regarding the
4 availability, cost, and type of insurance
5 coverage for small business, which may be
6 based on surveys of members of the small
7 business community.

8 In conducting the study, the Secretary shall
9 consult with interested parties from a diversity
10 of locations, including State insurance regu-
11 lators, consumer, community, and civil rights
12 groups, representatives of small business, rep-
13 resentatives of the insurance industry, including
14 statistical agents, and representatives of insur-
15 ance producers, including minority insurance
16 producers. The Secretary shall submit a report
17 detailing the findings of the study to the Com-
18 mittee on Energy and Commerce of the House
19 of Representatives and the appropriate commit-
20 tee of the Senate no later than 18 months fol-
21 lowing the date of enactment of this Act.

22 (B) PROPOSAL OF PILOT PROJECT.—Con-
23 current with the conduct of the study under
24 subparagraph (A), the Secretary shall develop a
25 proposed data collection pilot project in the 5

1 largest MSA's to help determine the need for
2 any further data collection requirements to
3 evaluate the availability, cost, and type of insur-
4 ance coverage for small business. In developing
5 the proposed pilot project, the Secretary shall
6 consult with interested parties from a diversity
7 of locations, including State insurance regu-
8 lators, consumer, community, and civil rights
9 groups, representatives of small business, rep-
10 resentatives of the insurance industry, including
11 statistical agents, and representatives of insur-
12 ance producers, including minority insurance
13 producers. The Secretary shall submit a specific
14 proposal for a pilot project to the Committee on
15 Energy and Commerce of the House of Rep-
16 resentatives and the appropriate committee of
17 the Senate no later than 18 months following
18 the date of enactment of this Act.

19 (C) SPECIFICATIONS FOR PILOT
20 PROJECT.—Immediately following the submis-
21 sion of the proposal for a pilot project, the Sec-
22 retary shall, by regulation, establish specifica-
23 tions for the collection and public reporting of
24 information with respect to commercial insur-
25 ance for the proposed pilot project. As part of

1 the specifications, the Secretary shall designate
2 the 5 largest MSA's for purposes of the pilot
3 project. The specifications shall—

4 (i) provide that information be aggre-
5 gated among similar policyholders and re-
6 ported on that basis,

7 (ii) be designed to collect information
8 with respect to the availability, cost, and
9 type of insurance coverage between and
10 among various geographic areas,

11 (iii) provide for the collection of infor-
12 mation on an individual insurer basis,

13 (iv) provide the data required by
14 clause (ii) with the least burden on insur-
15 ers, particularly small insurers, and insur-
16 ance agents, including independent insur-
17 ance agents,

18 (v) take into account existing statis-
19 tical reporting systems in the insurance in-
20 dustry and use existing data sources to the
21 maximum practical extent,

22 (vi) include information on policies
23 written in a residual market,

24 (vii) detail what data elements should
25 be collected,

1 (viii) detail what insurers should be
2 designated insurers for purposes of the
3 pilot project,

4 (ix) detail what lines of commercial
5 insurance should be designated for pur-
6 poses of the pilot project, with particular
7 consideration given to commercial fire and
8 business owners lines,

9 (x) include an appropriate definition
10 of small business, if necessary,

11 (xi) provide data representative of at
12 least 2 years of experience and provide
13 that the pilot project will terminate no
14 later than 2 years after its inception, and

15 (xii) provide adequate lead time to in-
16 surers designated under clause (viii) for
17 the reporting to begin.

18 The regulation shall be issued within 2 years of
19 the date of enactment of this Act.

20 (D) REPORTING UNDER PILOT PROJECT.—
21 Insurers designated under subparagraph
22 (C)(viii) shall report to the Secretary with re-
23 spect to lines of insurance designated under
24 subparagraph (C)(ix) in the 5 largest MSA's,

1 pursuant to the regulation issued by the Sec-
2 retary in subparagraph (C).

3 (E) ANALYSIS OF DATA UNDER PILOT
4 PROJECT.—At the conclusion of the pilot
5 project, the Secretary shall analyze the data
6 collected. Within 1 year of the conclusion of the
7 pilot project, the Secretary shall report to the
8 Committee on Energy and Commerce of the
9 House of Representatives and the appropriate
10 committee of the Senate on—

11 (i) any conclusions of the Secretary
12 regarding the data collected under the pilot
13 project, particularly regarding the avail-
14 ability, cost, and type of commercial insur-
15 ance for small business, and

16 (ii) the need for further data collec-
17 tion requirements to evaluate the availabil-
18 ity, cost, and type of such coverage or to
19 help ensure the availability of such cov-
20 erage.

21 (5) PERIOD OF MAINTENANCE.—Any informa-
22 tion required to be compiled and made available
23 under subsection (a) shall be maintained and made
24 available for a period of 3 years after the close of

1 the first year during which such information is re-
2 quired to be maintained and made available.

3 (6) FORMAT FOR DISCLOSURES.—Subject to
4 subsection (c), the Secretary shall prescribe a stand-
5 ard format for making information available as re-
6 quired by subsection (a). Such format shall encour-
7 age the submission of information in a form read-
8 able by a computer.

9 (7) EXEMPTION.—

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

14 (i) insurers operating in that State
15 are subject to disclosure requirements on a
16 5-digit zip code basis substantially similar
17 to those of subsection (a),

18 (ii) there are adequate provisions for
19 enforcement, and

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

1 then the Secretary shall by regulation exempt
2 insurers operating in that State from complying
3 with the requirements of subsection (a) with re-
4 spect to that State's portions of the designated
5 MSA's. If the Secretary determines that the
6 State law or requirement no longer meets the
7 criteria of clauses (i) through (iii) or is no
8 longer in effect, the Secretary shall by regula-
9 tion revoke the exemption.

10 (B) UNITED STATES PROGRAM.—Report-
11 ing shall not be required under subsection (a)
12 with respect to insurance provided by a pro-
13 gram underwritten or administered by the Unit-
14 ed States.

15 (c) PUBLIC ACCESS SYSTEM.—The Secretary shall
16 implement a system to facilitate public access to informa-
17 tion required to be made available to the public under sub-
18 section (a). Such system shall include arrangements for
19 a central depository of information in each designated
20 MSA and for a telephone number which can be used by
21 the public, at cost, to request such information. State-
22 ments shall be made available to the public for inspection
23 and copying at such central depository of information for
24 all designated insurers within such MSA. The Secretary
25 shall also make copies of such statements available in

1 forms readable by widely used personal computers, such
2 as in disc format. The Secretary may charge a fee for such
3 information, which may not exceed the amount, deter-
4 mined by the Secretary, that is equal to the cost of repro-
5 ducing the information.

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

17 **SEC. 4. DESIGNATIONS.**

18 (a) DESIGNATIONS BY THE SECRETARY.—

19 (1) DESIGNATIONS OF MSA'S.—The Secretary
20 shall designate the MSA's for which reporting is re-
21 quired under section 3(a). The Secretary shall des-
22 ignate the 25 MSA's having the largest population.

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

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

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

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

20 (D) The Secretary shall also designate, in
21 addition to the insurers designated under sub-
22 paragraph (A), (B), and (C) insurers such that
23 insurers representing at least 80 percent of the
24 premium volume in each State in which such
25 MSA is located in the designated line of insur-

1 ance are designated in such MSA. The Sec-
2 retary may not designate additional insurers
3 under this subparagraph if their market share
4 in the designated line of insurance in the appli-
5 cable States, as measured by premium volume
6 in each State in which such MSA is located, is
7 under 1 percent.

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

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

1 at least 75 percent of such insurance as meas-
2 ured by premium volume in each State in which
3 such MSA is located. In addition, the Secretary
4 may revoke the designation of any insurer des-
5 igned under subparagraph (A) with a market
6 share in a designated line of insurance in a
7 MSA, as measured by premium volume in each
8 State in which such MSA is located, of under
9 1 percent if such designation has not been re-
10 voked under this subparagraph and if such in-
11 surer primarily sells insurance in rural areas of
12 such MSA.

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

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

22 (A) Private passenger automobile insur-
23 ance.

24 (B) Homeowners insurance.

1 (C) Dwelling fire and allied lines of insur-
2 ance.

3 (4) TIMING OF DESIGNATIONS.—

4 (A) INITIAL DESIGNATIONS.—The Sec-
5 retary shall make initial designations required
6 by paragraphs (1), (2), and (3) no later than
7 July 1 of the year preceding the first year for
8 which reporting is required under section 3.
9 Such initial designations shall be effective for 5
10 calendar years from the date of designation.

11 (B) SUBSEQUENT DESIGNATIONS.—Not
12 later than July 1 of the year preceding the fifth
13 year after a designation under subparagraph
14 (A) or this subparagraph, the Secretary shall
15 make another designation to be effective upon
16 the expiration of such 5 years and such des-
17 ignation shall be effective for 5 calendar years
18 from the date of designation.

19 (C) NOTICE.—The Secretary shall notify
20 persons involved in the designations no later
21 than the July 15 which follows the designation.

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

1 **SEC. 5. TASK FORCE ON AGENCY APPOINTMENTS.**

2 (a) ESTABLISHMENT.—Within 90 days of the date of
3 the enactment of this Act, the Secretary shall establish
4 a task force on insurance agency appointments. The task
5 force shall—

6 (1) consist of representatives of appropriate
7 Federal agencies, property and casualty insurance
8 agents, including specifically minority insurance
9 agents, property and casualty insurance companies,
10 State insurance regulators, and public interest
11 groups,

12 (2) have a significant representation from mi-
13 nority insurance agents, and

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

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

17 (1) review the problems inner city and minority
18 agents may have in receiving appointments to rep-
19 resent property and casualty insurance companies,

20 (2) review the practices of insurers in terminat-
21 ing agents and consider the effect such practices
22 have on the availability or cost of insurance, espe-
23 cially in underserved areas, and

24 (3) recommend solutions to improve the ability
25 of inner city and minority insurance agents to mar-
26 ket property and casualty insurance products, in-

1 including steps property and casualty insurance com-
2 panies should take to increase their appointments of
3 such agents.

4 (c) REPORT AND TERMINATION.—The task force
5 shall report to the Committee on Energy and Commerce
6 of the House of Representatives and the appropriate Com-
7 mittee of the Senate its findings under paragraphs (1) and
8 (2) of subsection (b) and its recommendations under para-
9 graph (3) of subsection (b) within 2 years after the date
10 of the enactment of this Act. The task force shall termi-
11 nate when the report is submitted to the Committees.

12 **SEC. 6. IMPLEMENTATION OF SECTION 3.**

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

16 (1) contain such classifications, differentiations,
17 or other provisions, and

18 (2) may provide for such adjustments and ex-
19 ceptions for any class of transactions,

20 as in the judgment of the Secretary are necessary and
21 proper to effectuate the purposes of such section and to
22 prevent circumvention or evasion thereof or to facilitate
23 compliance therewith.

24 (b) DATA COLLECTION CONTRACTOR.—The Sec-
25 retary may contract with a data collection contractor to

1 carry out the Secretary's responsibilities under section 3
2 if the contractor agrees to collect and make available the
3 data pursuant to the terms and conditions of such section.
4 A statistical agent may also be a data contractor.

5 (c) ROLE OF STATISTICAL AGENTS.—

6 (1) ACCEPTANCE OF DATA.—The Secretary
7 and, if applicable, the contractor under the sub-
8 section (b) contract may accept data reported under
9 section 3(a) by a statistical agent acting on behalf
10 of more than one insurer if—

11 (A) the statistical plan used by the statis-
12 tical agent for the reporting of data on insur-
13 ance provides for the reporting of data in a
14 manner compatible with section 3(a),

15 (B) the statistical agent reports such data
16 on an individual insurer basis, and, at the dis-
17 cretion of the Secretary, on an aggregate basis,

18 (C) the statistical agent provides adequate
19 procedures to protect the integrity of the data
20 reported,

21 (D) the statistical agent has procedures in
22 place which ensure that data reported under the
23 statistical plan in connection with reporting
24 under this Act and submitted to the Secretary
25 are not subject to adjustment by the statistical

1 agent or an insurer for reasons other than tech-
2 nical accuracy and conformance to the statis-
3 tical plan,

4 (E) the statistical agent ensures that the
5 data of one insurer is not subject to review by
6 other insurers before public availability, and

7 (F) the statistical agent provides for the
8 reporting of data in a manner compatible with
9 the format prescribed by the Secretary under
10 section 3(d).

11 (2) DISCONTINUANCE OF DATA ACCEPTANCE.—

12 The Secretary may, after providing an opportunity
13 for a hearing, discontinue accepting data reported
14 under section 3(a) by a statistical agent acting on
15 behalf of more than one insurer if the Secretary de-
16 termines the requirements for acceptance of data in
17 paragraph (1) are no longer met.

18 (d) ROLE OF GAO.—The Comptroller General shall
19 have the authority to review and audit any data collection
20 and reporting performed under section 3, whether by the
21 Secretary, the contractor under the subsection (b) con-
22 tract, or a statistical agent, to ensure that the integrity
23 of the data collected and reported is protected.

24 (e) BURDENS ON INSURANCE AGENTS.—In prescrib-
25 ing regulations under this Act, the Secretary shall take

1 into consideration the administrative, paperwork, and
2 other burdens on insurance agents, including independent
3 insurance agents, involved in complying with the require-
4 ments of this Act and shall minimize the burdens imposed
5 by such requirements with respect to such agents.

6 **SEC. 7. RELATION TO STATE LAWS.**

7 This Act does not annul, alter, or affect, or exempt
8 the obligation of any insurer subject to this Act to comply
9 with the laws of any State or subdivision thereof with re-
10 spect to public disclosure and recordkeeping.

11 **SEC. 8. COMPILATION OF AGGREGATE DATA.**

12 (a) SCOPE OF DATA AND TABLES.—The Secretary
13 shall compile each year, for each MSA, data aggregated
14 by 5-digit zip code for all insurers who are subject to sec-
15 tion 3 or who are exempt from section 3 under subsection
16 (b)(7)(A) of such section. The Secretary shall also produce
17 tables indicating, for each MSA, insurance policies aggre-
18 gated for various categories of 5-digit zip codes grouped
19 according to location, age of property, income level, and
20 racial characteristics of neighborhood.

21 (b) AGGREGATION OF INFORMATION.—Statistical
22 agents may aggregate the data of insurers that report to
23 them and may provide such information to the Secretary.
24 The Secretary may also provide the individual company

1 data submitted by insurers to statistical agents for aggre-
2 gation.

3 (c) AVAILABILITY TO PUBLIC.—The data compiled
4 and the tables produced pursuant to subsection (a) shall
5 be made available to the public on a timetable determined
6 by the Secretary but not later than October 1 of the year
7 following the calendar year on which the data and tables
8 are based.

9 **SEC. 9. ENFORCEMENT.**

10 (a) CIVIL PENALTIES.—Any insurer who is deter-
11 mined by the Secretary, after providing opportunity for
12 a hearing on the record, to have violated the requirements
13 of section 3 shall be subject to a civil penalty of not to
14 exceed \$5,000 for each day during which such violation
15 continues.

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

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

23 **SEC. 10. SUNSET.**

24 (a) EXPIRATION.—Except as provided in subsection
25 (b), this Act shall not be in effect after the expiration of

1 5 years from its effective date. Prior to the expiration of
2 4 years from such date, the Secretary shall report to the
3 Commerce Committee of the House of Representatives
4 and the appropriate committee of the Senate—

5 (1) the quality of data received under section 3
6 and the effectiveness of the data requirement, in-
7 cluding the relation between the cost of such data
8 gathering and the benefits from having such data
9 available,

10 (2) the appropriateness of the geographic data
11 reporting units,

12 (3) the need for continued reporting by the des-
13 igned insurers in urban areas,

14 (4) the efforts of insurers to meet the insurance
15 needs of minority and low-income neighborhoods,
16 and

17 (5) such other information as the Secretary de-
18 termines will assist in considering an extension of
19 this Act.

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

1 **SEC. 11. STUDIES.**

2 (a) STUDY OF INFORMATION ON INSURANCE APPLI-
3 CANTS.—

4 (1) IN GENERAL.—The Secretary shall conduct
5 a study to determine the feasibility and utility of the
6 collection of information with respect to the charac-
7 teristics of applicants for insurance and reasons for
8 rejection of applicants. The study shall examine the
9 extent to which—

10 (A) oral applications or representations are
11 used by insurers and agents in making deter-
12 minations regarding whether or not to insure a
13 prospective insured,

14 (B) written applications are used by insur-
15 ers and agents in making determinations re-
16 garding whether or not to insure a prospective
17 insured,

18 (C) written applications are submitted
19 after the insurer or agent has already made a
20 determination to provide insurance to a pro-
21 spective insured or has determined that the pro-
22 spective insured is eligible for insurance, and

23 (D) prospective insureds are discouraged
24 from submitting applications for insurance
25 based, in whole or in part, on—

1 (i) the location of the risk to be in-
2 sured,

3 (ii) the race or ethnicity of the pro-
4 spective insured,

5 (iii) the racial or ethnic composition of
6 the neighborhood in which the risk to be
7 insured is located, and

8 (iv) in the case of residential property
9 insurance, the age and value of the risk to
10 be insured.

11 (2) REPORT.—The Secretary shall report the
12 results of the study under paragraph (1) to the
13 Committee on Energy and Commerce of the House
14 of Representatives and the appropriate Committee of
15 the Senate within 18 months of the date of the en-
16 actment of this Act.

17 (b) STUDY OF INSURER ACTIONS TO MEET INSUR-
18 ANCE NEEDS OF CERTAIN NEIGHBORHOODS.—The Sec-
19 retary shall conduct a study of various practices, actions,
20 programs, and methods undertaken by insurers to meet
21 the property and casualty insurance needs of residents of
22 low- and moderate-income neighborhoods, minority neigh-
23 borhoods, and small businesses located in such neighbor-
24 hoods. The Secretary may establish a task force of inter-
25 ested parties, including representatives of insurance com-

1 panies, insurance agents, including minority agents, and
2 consumer representatives to discuss additional practices,
3 actions, programs, and methods to meet these needs. The
4 Secretary shall report the results of the study, including
5 any recommendations, to the Committee on Energy and
6 Commerce of the House of Representatives and the appro-
7 priate Committee of the Senate no later than 2 years after
8 the date of the enactment of this Act.

9 **SEC. 12. DEFINITIONS.**

10 For purposes of this Act:

11 (1) The term “commercial insurance” means
12 any line of property and casualty insurance, except
13 private passenger automobile and homeowner’s in-
14 surance.

15 (2) The term “designated insurer” means an
16 insurer designated by the Secretary pursuant to sec-
17 tion 4(a)(2).

18 (3) The term “designated line” means a line of
19 insurance specified in section 4(a)(3).

20 (4) The term “exposure units” means units in-
21 sured against risk of loss by an insurer and the term
22 “units” means an automobile or the number of units
23 in a building.

24 (5) The term “insurer” means any corporation,
25 association, society, order, firm, company, partner-

1 ship, individual, or aggregation of individuals which
2 is subject to examination or supervision by any State
3 insurance regulator, or which is doing or represents
4 an insurance business. Such term does not include
5 an individual or entity which represents an insurer
6 as agent for the purpose of selling or which rep-
7 represents a consumer as a broker for the purpose of
8 buying insurance.

9 (6) The term “MSA” means a Metropolitan
10 Statistical Area or a Consolidated Metropolitan Sta-
11 tistical Area and the term “designated MSA” means
12 an MSA designated by the Secretary pursuant to
13 section 4(a)(1).

14 (7) The term “property and casualty insur-
15 ance” means insurance against loss of or damage to
16 property, insurance against loss of income or extra
17 expense incurred because of loss of, or damage to,
18 property, and insurance against third party liability
19 claims caused by negligence or imposed by statute or
20 contract.

21 (8) The term “residual market” means an as-
22 signed risk plan, joint underwriting association, or
23 any similar mechanism designed to make insurance
24 available to those unable to obtain it in the vol-
25 untary market.

1 (9) The term “Secretary” means the Secretary
2 of Commerce.

3 (10) The term “State” means any State, the
4 District of Columbia, the Commonwealth of Puerto
5 Rico, the Northern Mariana Islands, the Virgin Is-
6 lands, American Samoa, and the Trust Territory of
7 the Pacific Islands.

8 **SEC. 13. EFFECTIVE DATE.**

9 The requirements of this Act shall take effect with
10 respect to information on insurance described in section
11 3 and developed in and after calendar year 1995.

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