

Union Calendar No. 150

103D CONGRESS
1ST SESSION

H. R. 1188

[Report No. 103-270]

A BILL

To provide for disclosures for insurance in
interstate commerce.

SEPTEMBER 29, 1993

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

MARCH 3, 1993

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

SEPTEMBER 29, 1993

Additional sponsors: Mr. TOWNS, Mr. REYNOLDS, Mr. OWENS, Mr. DELLUMS, Mr. GENE GREEN of Texas, Mr. FRANKS of Connecticut, Mrs. CLAYTON, Mr. CLAY, Mr. JEFFERSON, Miss COLLINS of Michigan, Mr. SERRANO, Mr. RANGEL, Mr. BLACKWELL, Mr. FOGLIETTA, Mr. FILNER, Mrs. MEEK, Mr. DIXON, Mr. HASTINGS, Mr. FROST, Ms. EDDIE BERNICE JOHNSON of Texas, Mr. WATT, Mr. MFUME, Ms. NORTON, Mr. MARKEY, Mr. GUTIERREZ, and Mr. TUCKER

SEPTEMBER 29, 1993

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[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on March 3, 1993]

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 Insur-*
5 *ance 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 and*
11 *racial composition could adversely affect interstate*
12 *commerce and the cost and availability of insurance*
13 *for consumers, and*

14 (2) *appropriate disclosures of information by in-*
15 *surers would benefit consumers and insurance regu-*
16 *lators.*

17 (b) *CONSTRUCTION.*—*Nothing in this Act is intended*
18 *to, nor shall it be construed to, encourage unsound under-*
19 *writing practices.*

20 **SEC. 3. MAINTENANCE OF INFORMATION AND PUBLIC DIS-**
21 **CLOSURE.**

22 (a) *GENERAL RULE.*—

23 (1) *DESIGNATED INSURERS.*—

24 (A) *IN GENERAL.*—*Except as provided by*
25 *subsection (b)(7), each designated insurer shall,*

1 *in accordance with subsection (b), annually com-*
2 *pile, submit to the Secretary, and make available*
3 *to the public for each calendar year and for des-*
4 *ignated lines of insurance in a designated*
5 *MSA—*

6 *(i) the total number of policies, total*
7 *exposure units (in car years and house*
8 *years), and total earned premium of insur-*
9 *ance policies by designated line which were*
10 *issued by such insurer and the new written*
11 *exposure units, exposure units canceled, and*
12 *the exposure units not renewed by such in-*
13 *surer, and*

14 *(ii) the number of licensed agents of*
15 *such insurer whose principal place of busi-*
16 *ness is located in such designated MSA and*
17 *the number within each 5-digit zip code in*
18 *such designated MSA and with respect to*
19 *each such agent, whether such agent is an*
20 *employee, independent contractor working*
21 *exclusively for such insurer, or an inde-*
22 *pendent contractor appointed to represent*
23 *such insurer on a non-exclusive basis.*

1 (B) *SUBMISSIONS AND AVAILABILITY.*—The
2 information described in subparagraph (A) shall
3 be—

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

6 (ii) made available to the public, in
7 accordance with subsection (b)(2), for in-
8 spection and copying, at cost, at the home
9 office of the insurer and at a central deposi-
10 tory, established under subsection (c), by the
11 Secretary.

12 (2) *NON-DESIGNATED INSURERS.*—Except as
13 provided in subsection (b)(7), every insurer which
14 sells an insurance policy in a designated line of in-
15 surance in a designated MSA and which is not a des-
16 ignated insurer in such MSA shall submit to the Sec-
17 retary for each calendar year in accordance with sub-
18 section (d) and regulations of the Secretary the total
19 exposure units (in car years and house years) of in-
20 surance policies in a designated line sold in such
21 MSA. With respect to such policies, the insurer shall
22 report the designated MSA where the insured risks
23 are located for which such insurance is issued and
24 within such MSA report the 5-digit zip code where
25 the risk is located.

1 (b) *REQUIREMENTS.*—

2 (1) *CONTENT.*—*The information required to be*
3 *maintained and made available under subsection*
4 *(a)(1) shall be itemized in order to clearly and con-*
5 *spicuously disclose the policies, the exposure units,*
6 *and the premium amount for each line of insurance*
7 *for which information is required and be itemized by*
8 *the 5-digit zip code where the risks are located.*

9 (2) *AVAILABILITY TO THE PUBLIC.*—*The infor-*
10 *mation required to be maintained and made available*
11 *under subsection (a) shall be made available to the*
12 *public on a timetable determined by the Secretary but*
13 *not later than October 1 of the calendar year follow-*
14 *ing the calendar year for which the information is re-*
15 *quired to be made available, except that such infor-*
16 *mation shall not be made available to the public until*
17 *it is available in its entirety but it shall be made*
18 *available if not all the information required to be re-*
19 *ported is available on such October 1 or on the date*
20 *determined by the Secretary.*

21 (3) *SPECIFICATION OF DATA.*—

22 (A) *IN GENERAL.*—*With respect to informa-*
23 *tion which is required to be maintained and*
24 *made available under subsection (a)(1), the Sec-*
25 *retary shall by regulation establish specifications*

1 for the collection and public reporting of such in-
2 formation with respect to the following lines of
3 insurance: private passenger automobile, home-
4 owners, and dwelling fire and allied lines. The
5 specifications shall—

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

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

13 (iii) detail what data elements should
14 be collected,

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

17 (v) minimize burdens on insurance
18 agents, including independent insurance
19 agents,

20 (vi) provide the data required by
21 clause (ii) with the least burden on insur-
22 ers, particularly small insurers,

23 (vii) take into account the types of
24 data collected under the Home Mortgage
25 Disclosure Act of 1975,

1 (viii) take into account existing statis-
2 tical reporting systems in the insurance in-
3 dustry,

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

6 (x) include information on policies
7 written in a residual market.

8 (B) CONSULTATIONS.—In developing the
9 specifications in subparagraph (A), the Secretary
10 shall consult with—

11 (i) other Federal agencies with appro-
12 priate expertise,

13 (ii) State insurance regulators,

14 (iii) representatives of the insurance
15 industry, including statistical agents,

16 (iv) representatives of insurance pro-
17 ducers, including minority insurance pro-
18 ducers, and

19 (v) consumer, community, and civil
20 rights groups who are representative of a
21 diversity of geographic locations.

22 (C) EFFECTIVE DATE.—The regulation
23 under subparagraph (A) shall be issued no later
24 than 270 days after the date of the enactment of
25 this Act.

1 (4) *COMMERCIAL INSURANCE STUDY AND PILOT*
2 *PROJECT.*—

3 (A) *STUDY.*—*The Secretary shall conduct a*
4 *study regarding the availability of commercial*
5 *insurance (other than professional liability in-*
6 *surance, workers compensation insurance, and*
7 *title insurance) with special emphasis on the*
8 *availability of commercial insurance for small*
9 *business. The study shall focus on—*

10 (i) *an appropriate definition for small*
11 *business; and*

12 (ii) *preliminary views regarding the*
13 *availability, cost, and type of insurance*
14 *coverage for small business, which may be*
15 *based on surveys of members of the small*
16 *business community.*

17 *In conducting the study, the Secretary shall con-*
18 *sult with interested parties from a diversity of*
19 *locations, including State insurance regulators,*
20 *consumer, community, and civil rights groups,*
21 *representatives of small business, representatives*
22 *of the insurance industry, including statistical*
23 *agents, and representatives of insurance produc-*
24 *ers, including minority insurance producers. The*
25 *Secretary shall submit a report detailing the*

1 *findings of the study to the Committee on En-*
2 *ergy and Commerce of the House of Representa-*
3 *tives and the appropriate committee of the Sen-*
4 *ate no later than 18 months following the date*
5 *of enactment of this Act.*

6 *(B) PROPOSAL OF PILOT PROJECT.—Con-*
7 *current with the conduct of the study under sub-*
8 *paragraph (A), the Secretary shall develop a*
9 *proposed data collection pilot project in the 5*
10 *largest MSA's to help determine the need for any*
11 *further data collection requirements to evaluate*
12 *the availability, cost, and type of insurance cov-*
13 *erage for small business. In developing the pro-*
14 *posed pilot project, the Secretary shall consult*
15 *with interested parties from a diversity of loca-*
16 *tions, including State insurance regulators,*
17 *consumer, community, and civil rights groups,*
18 *representatives of small business, representatives*
19 *of the insurance industry, including statistical*
20 *agents, and representatives of insurance produc-*
21 *ers, including minority insurance producers. The*
22 *Secretary shall submit a specific proposal for a*
23 *pilot project to the Committee on Energy and*
24 *Commerce of the House of Representatives and*
25 *the appropriate committee of the Senate no later*

1 *than 18 months following the date of enactment*
2 *of this Act.*

3 *(C) SPECIFICATIONS FOR PILOT PROJECT.—*
4 *Immediately following the submission of the pro-*
5 *posal for a pilot project, the Secretary shall, by*
6 *regulation, establish specifications for the collec-*
7 *tion and public reporting of information with*
8 *respect to commercial insurance for the proposed*
9 *pilot project. As part of the specifications, the*
10 *Secretary shall designate the 5 largest MSA's for*
11 *purposes of the pilot project. The specifications*
12 *shall—*

13 *(i) provide that information be aggre-*
14 *gated among similar policyholders and re-*
15 *ported on that basis,*

16 *(ii) be designed to collect information*
17 *with respect to the availability, cost, and*
18 *type of insurance coverage between and*
19 *among various geographic areas,*

20 *(iii) provide for the collection of infor-*
21 *mation on an individual insurer basis,*

22 *(iv) provide the data required by*
23 *clause (ii) with the least burden on insur-*
24 *ers, particularly small insurers, and insur-*

1 *ance agents, including independent insur-*
2 *ance agents,*

3 (i) *take into account existing statis-*
4 *tical reporting systems in the insurance in-*
5 *dustry and use existing data sources to the*
6 *maximum practical extent,*

7 (ii) *include information on policies*
8 *written in a residual market,*

9 (iii) *detail what data elements should*
10 *be collected,*

11 (iv) *detail what insurers should be*
12 *designated insurers for purposes of the pilot*
13 *project,*

14 (v) *detail what lines of commercial in-*
15 *surance should be designated for purposes of*
16 *the pilot project, with particular consider-*
17 *ation given to commercial fire and business*
18 *owners lines,*

19 (vi) *include an appropriate definition*
20 *of small business, if necessary,*

21 (vii) *provide data representative of at*
22 *least 2 years of experience and provide that*
23 *the pilot project will terminate no later*
24 *than 2 years after its inception, and*

1 (ii) provide adequate lead time to in-
2 surers designated under clause (viii) for the
3 reporting to begin.

4 The regulation shall be issued within 2 years of
5 the date of enactment of this Act.

6 (D) REPORTING UNDER PILOT PROJECT.—
7 Insurers designated under subparagraph
8 (C)(viii) shall report to the Secretary with re-
9 spect to lines of insurance designated under sub-
10 paragraph (C)(ix) in the 5 largest MSA's, pursu-
11 ant to the regulation issued by the Secretary in
12 subparagraph (C).

13 (E) ANALYSIS OF DATA UNDER PILOT
14 PROJECT.—At the conclusion of the pilot project,
15 the Secretary shall analyze the data collected.
16 Within 1 year of the conclusion of the pilot
17 project, the Secretary shall report to the Commit-
18 tee on Energy and Commerce of the House of
19 Representatives and the appropriate committee
20 of the Senate on—

21 (i) any conclusions of the Secretary re-
22 garding the data collected under the pilot
23 project, particularly regarding the avail-
24 ability, cost, and type of commercial insur-
25 ance for small business, and

1 (ii) the need for further data collection
2 requirements to evaluate the availability,
3 cost, and type of such coverage or to help
4 ensure the availability of such coverage.

5 (5) *PERIOD OF MAINTENANCE*.—Any informa-
6 tion required to be compiled and made available
7 under subsection (a) shall be maintained and made
8 available for a period of 3 years after the close of the
9 first year during which such information is required
10 to be maintained and made available.

11 (6) *FORMAT FOR DISCLOSURES*.—Subject to sub-
12 section (c), the Secretary shall prescribe a standard
13 format for making information available as required
14 by subsection (a). Such format shall encourage the
15 submission of information in a form readable by a
16 computer.

17 (7) *EXEMPTION*.—

18 (A) *SECRETARIAL ACTION*.—If the Secretary
19 determines that a State has enacted a law, or
20 otherwise implemented a requirement under
21 which—

22 (i) insurers operating in that State are
23 subject to disclosure requirements on a 5-
24 digit zip code basis substantially similar to
25 those of subsection (a),

1 (ii) there are adequate provisions for
2 enforcement, and

3 (iii) the information disclosed under
4 the State law or requirement is made avail-
5 able to the Secretary and the public in a
6 manner similar to other information dis-
7 closed under subsection (a),

8 then the Secretary shall by regulation exempt in-
9 surers operating in that State from complying
10 with the requirements of subsection (a) with re-
11 spect to that State's portions of the designated
12 MSA's. If the Secretary determines that the State
13 law or requirement no longer meets the criteria
14 of clauses (i) through (iii) or is no longer in ef-
15 fect, the Secretary shall by regulation revoke the
16 exemption.

17 (B) UNITED STATES PROGRAM.—Reporting
18 shall not be required under subsection (a) with
19 respect to insurance provided by a program un-
20 derwritten or administered by the United States.

21 (c) PUBLIC ACCESS SYSTEM.—The Secretary shall im-
22 plement a system to facilitate public access to information
23 required to be made available to the public under subsection
24 (a). Such system shall include arrangements for a central
25 depository of information in each designated MSA and for

1 a telephone number which can be used by the public, at
2 cost, to request such information. Statements shall be made
3 available to the public for inspection and copying at such
4 central depository of information for all designated insurers
5 within such MSA. The Secretary shall also make copies of
6 such statements available in forms readable by widely used
7 personal computers, such as in disc format. The Secretary
8 may charge a fee for such information, which may not ex-
9 ceed the amount, determined by the Secretary, that is equal
10 to the cost of reproducing the information.

11 (d) *SUBMISSION TO SECRETARY.*—With respect to the
12 information required to be submitted under subsection (a)
13 to the Secretary, the Secretary shall develop regulations pre-
14 scribing the format and method for submitting such infor-
15 mation. Such regulations shall ensure uniformity among
16 insurers, to the extent practicable, in the format used for
17 reporting, including the definitions of data elements. Any
18 reporting insurer may submit in writing to the Secretary
19 such additional data or explanations as it deems relevant
20 to the decision by such insurer to sell insurance.

21 **SEC. 4. DESIGNATIONS.**

22 (a) *DESIGNATIONS BY THE SECRETARY.*—

23 (1) *DESIGNATIONS OF MSA'S.*—The Secretary
24 shall designate the MSA's for which reporting is re-

1 *quired under section 3(a). The Secretary shall des-*
2 *ignate the 25 MSA's having the largest population.*

3 *(2) DESIGNATION OF INSURERS.—For each MSA*
4 *designated under paragraph (1), the Secretary shall*
5 *take the following actions:*

6 *(A) The Secretary shall designate the insur-*
7 *ers transacting insurance business in such MSA*
8 *for which reporting is required under section*
9 *3(a). At a minimum, the Secretary shall des-*
10 *ignate the 25 insurers in such MSA having the*
11 *largest premium volume in the designated lines*
12 *of insurance in each State in which such MSA*
13 *is located.*

14 *(B) In addition to the insurers designated*
15 *under subparagraph (A), the Secretary shall also*
16 *designate any entity primarily providing insur-*
17 *ance in a designated line of insurance as part of*
18 *a residual market established by State law.*

19 *(C) The Secretary shall also designate, in*
20 *addition to the insurers designated under sub-*
21 *paragraphs (A) and (B), insurers who specialize*
22 *in selling insurance in urban areas, including*
23 *surplus lines insurers.*

24 *(D) The Secretary shall also designate, in*
25 *addition to the insurers designated under sub-*

1 paragraph (A), (B), and (C) insurers such that
2 insurers representing at least 80 percent of the
3 premium volume in each State in which such
4 MSA is located in the designated line of insur-
5 ance are designated in such MSA. The Secretary
6 may not designate additional insurers under this
7 subparagraph if their market share in the des-
8 ignated line of insurance in the applicable
9 States, as measured by premium volume in each
10 State in which such MSA is located, is under 1
11 percent.

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

19 (F) The Secretary shall revoke the designa-
20 tion of an insurer designated under subpara-
21 graph (A) as follows: If such designated insurer
22 has a market share in a designated line of insur-
23 ance in a MSA, as measured by premium vol-
24 ume in each State in which such MSA is located,
25 of under 1 percent, the Secretary shall revoke the

1 *designation of such insurer beginning with the*
2 *insurer with the smallest market share of such*
3 *insurance if the remainder of the designated in-*
4 *surers have a market share of at least 75 percent*
5 *of such insurance as measured by premium vol-*
6 *ume in each State in which such MSA is located.*
7 *In addition, the Secretary may revoke the des-*
8 *ignation of any insurer designated under sub-*
9 *paragraph (A) with a market share in a des-*
10 *ignated line of insurance in a MSA, as measured*
11 *by premium volume in each State in which such*
12 *MSA is located, of under 1 percent if such des-*
13 *ignation has not been revoked under this sub-*
14 *paragraph and if such insurer primarily sells*
15 *insurance in rural areas of such MSA.*

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

20 *(3) DESIGNATION OF LINES OF INSURANCE.—For*
21 *each MSA designated under paragraph (1) the follow-*
22 *ing are the designated lines of property and casualty*
23 *insurance for which reporting is required under sec-*
24 *tion 3:*

25 *(A) Private passenger automobile insurance.*

1 (B) *Homeowners insurance.*

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

4 (4) *TIMING OF DESIGNATIONS.—*

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

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

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

23 (b) *OBTAINING INFORMATION.—The Secretary may ob-*
24 *tain from insurers such information as the Secretary may*
25 *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 a*
4 *task force on insurance agency appointments. The task force*
5 *shall—*

6 (1) *consist of representatives of appropriate Fed-*
7 *eral agencies, property and casualty insurance agents,*
8 *including specifically minority insurance agents,*
9 *property and casualty insurance companies, State in-*
10 *surance regulators, and public interest groups,*

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

13 (3) *be chaired by the Secretary or the Secretary's*
14 *designee.*

15 (b) *FUNCTION.*—*The task force shall—*

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

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

23 (3) *recommend solutions to improve the ability*
24 *of inner city and minority insurance agents to mar-*
25 *ket property and casualty insurance products, includ-*
26 *ing steps property and casualty insurance companies*

1 *should take to increase their appointments of such*
2 *agents.*

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

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

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

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

17 (2) *may provide for such adjustments and excep-*
18 *tions for any class of transactions,*

19 *as in the judgment of the Secretary are necessary and prop-*
20 *er to effectuate the purposes of such section and to prevent*
21 *circumvention or evasion thereof or to facilitate compliance*
22 *therewith.*

23 (b) *DATA COLLECTION CONTRACTOR.*—*The Secretary*
24 *may contract with a data collection contractor to carry out*
25 *the Secretary's responsibilities under section 3 if the con-*

1 tractor agrees to collect and make available the data pursu-
2 ant to the terms and conditions of such section. A statistical
3 agent may also be a data contractor.

4 (c) *ROLE OF STATISTICAL AGENTS.*—

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

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

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

17 (C) the statistical agent provides adequate
18 procedures to protect the integrity of the data re-
19 ported,

20 (D) the statistical agent has procedures in
21 place which ensure that data reported under the
22 statistical plan in connection with reporting
23 under this Act and submitted to the Secretary
24 are not subject to adjustment by the statistical
25 agent or an insurer for reasons other than tech-

1 *nical accuracy and conformance to the statistical*
2 *plan,*

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

6 *(F) the statistical agent provides for the re-*
7 *porting of data in a manner compatible with the*
8 *format prescribed by the Secretary under section*
9 *3(d).*

10 *(2) DISCONTINUANCE OF DATA ACCEPTANCE.—*
11 *The Secretary may, after providing an opportunity*
12 *for a hearing, discontinue accepting data reported*
13 *under section 3(a) by a statistical agent acting on be-*
14 *half of more than one insurer if the Secretary deter-*
15 *mines the requirements for acceptance of data in*
16 *paragraph (1) are no longer met.*

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

23 *(e) BURDENS ON INSURANCE AGENTS.—In prescribing*
24 *regulations under this Act, the Secretary shall take into*
25 *consideration the administrative, paperwork, and other*

1 *burdens on insurance agents, including independent insur-*
2 *ance agents, involved in complying with the requirements*
3 *of this Act and shall minimize the burdens imposed by such*
4 *requirements with respect to such agents.*

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

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

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

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

20 *(b) AGGREGATION OF INFORMATION.—Statistical*
21 *agents may aggregate the data of insurers that report to*
22 *them and may provide such information to the Secretary.*
23 *The Secretary may also provide the individual company*
24 *data submitted by insurers to statistical agents for aggrega-*
25 *tion.*

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

6 **SEC. 9. ENFORCEMENT.**

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

12 (b) *INJUNCTION.*—The Secretary may bring an action
13 in an appropriate United States district court for appro-
14 priate declaratory and injunctive relief against any insurer
15 who violates the requirements of section 3.

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

19 **SEC. 10. SUNSET.**

20 (a) *EXPIRATION.*—Except as provided in subsection
21 (b), this Act shall not be in effect after the expiration of
22 5 years from its effective date. Prior to the expiration of
23 4 years from such date, the Secretary shall report to the
24 Energy and Commerce Committee of the House of Rep-
25 resentatives and the appropriate committee of the Senate—

1 (1) *the quality of data received under section 3*
2 *and the effectiveness of the data requirement, includ-*
3 *ing the relation between the cost of such data gather-*
4 *ing and the benefits from having such data available,*

5 (2) *the appropriateness of the geographic data*
6 *reporting units,*

7 (3) *the need for continued reporting by the des-*
8 *ignated insurers in urban areas,*

9 (4) *the efforts of insurers to meet the insurance*
10 *needs of minority and low-income neighborhoods, and*

11 (5) *such other information as the Secretary de-*
12 *termines will assist in considering an extension of*
13 *this Act.*

14 (b) *EXTENSION.*—*Based on the Secretary's report on*
15 *the need described in subsection (a)(3) and the information*
16 *described in subsection (a)(5), the Secretary may extend*
17 *this Act for one period of 2 years.*

18 **SEC. 11. STUDIES.**

19 (a) *STUDY OF INFORMATION ON INSURANCE APPLI-*
20 *CANTS.*—

21 (1) *IN GENERAL.*—*The Secretary shall conduct a*
22 *study to determine the feasibility and utility of the*
23 *collection of information with respect to the character-*
24 *istics of applicants for insurance and reasons for re-*

1 *jection of applicants. The study shall examine the ex-*
2 *tent to which—*

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

7 *(B) written applications are used by insur-*
8 *ers and agents in making determinations regard-*
9 *ing whether or not to insure a prospective in-*
10 *sured,*

11 *(C) written applications are submitted after*
12 *the insurer or agent has already made a deter-*
13 *mination to provide insurance to a prospective*
14 *insured or has determined that the prospective*
15 *insured is eligible for insurance, and*

16 *(D) prospective insureds are discouraged*
17 *from submitting applications for insurance*
18 *based, in whole or in part, on—*

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

21 *(ii) the race or ethnicity of the prospec-*
22 *tive insured,*

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

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

4 (2) *REPORT.*—The Secretary shall report the re-
5 sults of the study under paragraph (1) to the Com-
6 mittee on Energy and Commerce of the House of Rep-
7 resentatives and the appropriate Committee of the
8 Senate within 18 months of the date of the enactment
9 of this Act.

10 (b) *STUDY OF INSURER ACTIONS TO MEET INSURANCE*
11 *NEEDS OF CERTAIN NEIGHBORHOODS.*—The Secretary
12 shall conduct a study of various practices, actions, pro-
13 grams, and methods undertaken by insurers to meet the
14 property and casualty insurance needs of residents of low-
15 and moderate-income neighborhoods, minority neighbor-
16 hoods, and small businesses located in such neighborhoods.
17 The Secretary may establish a task force of interested par-
18 ties, including representatives of insurance companies, in-
19 surance agents, including minority agents, and consumer
20 representatives to discuss additional practices, actions, pro-
21 grams, and methods to meet these needs. The Secretary shall
22 report the results of the study, including any recommenda-
23 tions, to the Committee on Energy and Commerce of the
24 House of Representatives and the appropriate Committee

1 *of the Senate no later than 2 years after the date of the*
2 *enactment of this Act.*

3 **SEC. 12. DEFINITIONS.**

4 *For purposes of this Act:*

5 (1) *The term “commercial insurance” means any*
6 *line of property and casualty insurance, except pri-*
7 *vate passenger automobile and homeowner’s insur-*
8 *ance.*

9 (2) *The term “designated insurer” means an in-*
10 *surer designated by the Secretary pursuant to section*
11 *4(a)(2).*

12 (3) *The term “designated line” means a line of*
13 *insurance specified in section 4(a)(3).*

14 (4) *The term “exposure units” means units in-*
15 *sured against risk of loss by an insurer and the term*
16 *“units” means an automobile or the number of units*
17 *in a building.*

18 (5) *The term “insurer” means any corporation,*
19 *association, society, order, firm, company, partner-*
20 *ship, individual, or aggregation of individuals which*
21 *is subject to examination or supervision by any State*
22 *insurance regulator, or which is doing or represents*
23 *an insurance business. Such term does not include an*
24 *individual or entity which represents an insurer as*
25 *agent for the purpose of selling or which represents a*

1 *consumer as a broker for the purpose of buying insur-*
2 *ance.*

3 (6) *The term “MSA” means a Metropolitan Sta-*
4 *tistical Area or a Consolidated Metropolitan Statis-*
5 *tical Area and the term “designated MSA” means an*
6 *MSA designated by the Secretary pursuant to section*
7 *4(a)(1).*

8 (7) *The term “property and casualty insurance”*
9 *means insurance against loss of or damage to prop-*
10 *erty, insurance against loss of income or extra ex-*
11 *penditure incurred because of loss of, or damage to, prop-*
12 *erty, and insurance against third party liability*
13 *claims caused by negligence or imposed by statute or*
14 *contract.*

15 (8) *The term “residual market” means an as-*
16 *signed risk plan, joint underwriting association, or*
17 *any similar mechanism designed to make insurance*
18 *available to those unable to obtain it in the voluntary*
19 *market.*

20 (9) *The term “Secretary” means the Secretary of*
21 *Commerce.*

22 (10) *The term “State” means any State, the Dis-*
23 *trict of Columbia, the Commonwealth of Puerto Rico,*
24 *the Northern Mariana Islands, the Virgin Islands,*

1 *American Samoa, and the Trust Territory of the Pa-*
2 *cific Islands.*

3 **SEC. 13. EFFECTIVE DATE.**

4 *The requirements of this Act shall take effect with re-*
5 *spect to information on insurance described in section 3*
6 *and developed in and after calendar year 1995.*

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