

103^D CONGRESS
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H. R. 3169

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

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 1993

Mr. KENNEDY (for himself and Mr. GONZALEZ) introduced the following bill; which was referred to the Committee on Banking, Finance 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 AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Insurance Disclosure Act”.

6 (b) TABLE OF CONTENTS.—

- Sec. 1. Short title and 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 bid, performance, and payment bonds for small businesses.
- Sec. 7. Reporting of rural insurance information.
- Sec. 8. Waiver of reporting requirements.

- Sec. 9. Reporting by private mortgage insurers.
- Sec. 10. Use of data contractor and statistical agents.
- Sec. 11. Reporting of information regarding investments by insurers.
- Sec. 12. Submission of information to Secretary and maintenance of information.
- Sec. 13. Compilation of aggregate information.
- Sec. 14. Availability and access system.
- Sec. 15. Designations.
- Sec. 16. Improved methods and reporting on basis of other areas.
- Sec. 17. Annual reporting period.
- Sec. 18. Disclosures by insurers to applicants and policyholders.
- Sec. 19. Enforcement.
- Sec. 20. Reports.
- Sec. 21. Task force on agency appointments.
- Sec. 22. Studies.
- Sec. 23. Exemption and relation to State laws.
- Sec. 24. Regulations.
- Sec. 25. Definitions.
- Sec. 26. 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, business,
9 and automobile 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 actions
9 (A) to remedy redlining or other illegally or unfairly
10 discriminatory insurance practices, or (B) regarding
11 areas underserved by insurers.

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

15 **SEC. 3. ESTABLISHMENT OF GENERAL REQUIREMENTS TO**
16 **SUBMIT INFORMATION.**

17 (a) IN GENERAL.—The Secretary of Housing and
18 Urban Development shall, by regulation, establish require-
19 ments for insurers to compile and submit information to
20 the Secretary for each annual reporting period, in accord-
21 ance with this Act.

22 (b) CONSULTATION.—In establishing the require-
23 ments for the submission of information under this Act,
24 the Secretary shall consult with Federal agencies having
25 appropriate expertise, the National Association of Insur-

1 ance Commissioners, State insurance regulators, statis-
2 tical agents, representatives of small businesses, rep-
3 resentatives of insurance agents (including minority insur-
4 ance agents), representatives of property and casualty in-
5 surers, and community, consumer, and civil rights organi-
6 zations, as appropriate.

7 **SEC. 4. REPORTING OF NONCOMMERCIAL INSURANCE IN-**
8 **FORMATION.**

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

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

14 (A) the availability and affordability of in-
15 surance coverage and the quality or type of in-
16 surance coverage, by MSA and applicable re-
17 gion and race and gender of policyholders; and

18 (B) the location of the principal place of
19 business of insurance agents and the race of
20 such agents, and the location of the principal
21 place of business of insurance agents termi-
22 nated and the race of such agents, by MSA and
23 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 subparagraph (A) or (B) of section 15(c)(1)
9 compile and submit to the Secretary, for each an-
10 nual reporting period—

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

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

23 (C) the total number and racial character-
24 istics of—

1 (i) licensed agents of such insurer sell-
2 ing insurance in the designated line, by
3 designated MSA and applicable region in
4 which the agent's principal place of busi-
5 ness is located; and

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

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

15 (2) SPECIFICATION OF INFORMATION FOR
16 ITEMIZED DISCLOSURE.—

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

- 1 (i) specify the data elements that shall
2 be submitted;
- 3 (ii) provide for the submission of in-
4 formation on an individual insurer basis;
- 5 (iii) provide for the submission of the
6 information with the least burden on insur-
7 ers, particularly small insurers, and insur-
8 ance agents;
- 9 (iv) take into account existing statis-
10 tical reporting systems in the insurance in-
11 dustry;
- 12 (v) require reporting by MSA and ap-
13 plicable region in which the insured risk is
14 located;
- 15 (vi) provide for the submission of in-
16 formation that identifies the designated
17 line, and subline or coverage type;
- 18 (vii) provide for the submission of in-
19 formation that distinguishes policies writ-
20 ten in a residual market from policies writ-
21 ten in the voluntary market;
- 22 (viii) specify—
- 23 (I) whether information shall be
24 submitted on the basis of policy or ex-
25 posure unit; and

1 (II) whether information, when
2 submitted, shall be aggregated by like
3 policyholders with like policies, except
4 that the Secretary shall not permit
5 such aggregation if it will adversely
6 affect the accuracy of the information
7 reported;

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

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

23 (B) RULES REGARDING OBTAINING RACIAL
24 INFORMATION.—With respect to the informa-
25 tion specified in clause (x), applicants for, and

1 policyholders of, insurance may be asked their
2 racial characteristics only in writing. Any such
3 written question shall clearly indicate that a re-
4 sponse to the question is voluntary on the part
5 of the applicant or policyholder, but encour-
6 aged, and that the information is being re-
7 quested by the Federal Government to monitor
8 the availability and affordability of insurance. If
9 an applicant for, or policyholder of, insurance
10 declines to provide such information, the agent
11 or insurer for such insurance may provide such
12 information.

13 (3) RULE FOR REPORTING BY DESIGNATED IN-
14 SURERS.—A designated insurer for a designated line
15 shall submit—

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

23 (B) information required under paragraph
24 (1)(C) for agents within such designated
25 MSA's.

1 (c) NONDESIGNATED INSURERS.—The regulations is-
2 sued under section 3 shall require each insurer that issues
3 an insurance policy in a designated line of insurance under
4 subparagraph (A) or (B) of section 15(c)(1) that covers
5 an insured risk located in a designated MSA and which
6 is not a designated insurer for the line in any State in
7 which any part of such MSA is located, to compile and
8 submit to the Secretary, for each annual reporting pe-
9 riod—

10 (1) the total number of policies issued in such
11 line,

12 (2) the total exposures covered by such policies,
13 and

14 (3) the total amount of premiums for such poli-
15 cies,

16 by designated MSA and applicable region in which the in-
17 sured risk is located.

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

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

24 (b) SUBMISSION OF INFORMATION.—To acquire in-
25 formation for the study under this section, the Secretary

1 shall, by regulation, establish requirements for insurers
2 providing commercial insurance for residential properties
3 and small businesses to compile and submit to the Sec-
4 retary on an annual basis information regarding such in-
5 surance, as follows:

6 (1) MSA's.—The Secretary shall carry out the
7 study only with respect to the 25 MSA's having the
8 largest populations, as determined by the Secretary
9 and specified in the regulations under this section.

10 (2) INSURERS.—For each of the MSA's speci-
11 fied pursuant to paragraph (1), the Secretary shall
12 designate the insurers required to submit the infor-
13 mation. The Secretary shall designate a sufficient
14 number of insurers to provide a representative sam-
15 ple of the insurers providing such insurance in each
16 such MSA.

17 (3) LINES OF INSURANCE.—The Secretary shall
18 require the submission of information regarding
19 such lines, sublines, or coverage types of commercial
20 insurance as the Secretary determines are necessary
21 or important with respect to establishing, operating,
22 or maintaining residential properties and each type
23 of small business selected under paragraph (4), and
24 shall require submission of such information by such
25 lines, sublines, or coverage types.

1 (4) SMALL BUSINESSES.—For purposes of
2 paragraph (3), the Secretary shall determine the
3 types of businesses that are typically small busi-
4 nesses and shall select a representative sample of
5 such types.

6 (5) DATA ELEMENTS.—The Secretary shall
7 identify the data elements required to be submitted.

8 (6) SUBMISSION BY LOCATION.—The Secretary
9 shall require the information to be submitted by des-
10 igned MSA and applicable region in which the in-
11 sured risk is located.

12 (7) SUBMISSION BY INSURER.—The Secretary
13 shall require the submission of information on an in-
14 dividual insurer basis and shall specify whether in-
15 formation, when submitted, shall be aggregated by
16 like policies, except that the Secretary shall not per-
17 mit such aggregation if it will adversely affect the
18 accuracy of the information reported.

19 (8) SUNSET.—The Secretary shall require the
20 submission of information under this section only for
21 each of the first 5 annual reporting periods begin-
22 ning more than 36 months after the date of the en-
23 actment of this Act.

1 (c) CONSIDERATIONS.—In establishing the require-
2 ments for submission of information under this section,
3 the Secretary shall—

4 (1) take into consideration the administrative,
5 paperwork, and other burdens on insurers and insur-
6 ance agents involved in complying with the require-
7 ments of this section;

8 (2) minimize the burdens imposed by such re-
9 quirements with respect to such insurers and agents;
10 and

11 (3) take into consideration existing statistical
12 reporting systems in the insurance industry.

13 (d) REPORT.—Not later than 6 months after the ex-
14 piration of the 5-year period referred to in subsection
15 (b)(8), the Secretary shall submit a report to the Congress
16 describing the information submitted under the study con-
17 ducted under this section and any findings of the Sec-
18 retary from the study regarding disparities in the avail-
19 ability, affordability, and quality or types of commercial
20 insurance coverage for residential properties and small
21 businesses, in urban areas.

22 **SEC. 6. REPORTING OF BID, PERFORMANCE, AND PAYMENT**
23 **BONDS FOR SMALL BUSINESSES.**

24 (a) IN GENERAL.—The Secretary shall by regulation
25 establish requirements in accordance with section 3 for in-

1 insurers to compile and submit to the Secretary, for each
2 annual reporting period, information regarding bid, per-
3 formance, and payment bonds for small businesses, by
4 lines designated under subparagraph (C) of section
5 15(c)(1), that is similar to the information required to be
6 submitted under section 4.

7 (b) CONTENTS.—The regulations under this section
8 shall provide for—

9 (1) designation of insurers required to submit
10 the information, pursuant to standards comparable
11 to the standards for designation under section 15(b),
12 and submission of the information on an individual
13 insurer basis;

14 (2) identification of data elements required to
15 be submitted;

16 (3) the information to be submitted by des-
17 igned MSA and applicable region;

18 (4) the information to be submitted in a man-
19 ner similar to that required for information submit-
20 ted under section 4;

21 (5) an appropriate definition of small busi-
22 nesses; and

23 (6) the information to be submitted for each
24 annual reporting period.

1 **SEC. 7. REPORTING OF RURAL INSURANCE INFORMATION.**

2 (a) IN GENERAL.—The Secretary shall, by regula-
3 tion, establish requirements for insurers to annually com-
4 pile and submit to the Secretary information concerning
5 the availability, affordability, and quality or type of insur-
6 ance in designated rural areas in the lines designated
7 under subparagraphs (A) and (B) of section 15(c)(1).

8 (b) CONTENT.—The regulations under this section
9 shall provide that—

10 (1) the information to be compiled and submit-
11 ted under this section by designated insurers and in-
12 surers that are not designated insurers shall be of
13 such types, data elements, and specificity that is as
14 identical as possible to the types, data elements, and
15 specificity of information required under this Act of
16 designated and nondesignated insurers, respectively,
17 for designated MSA's and shall be subject to the
18 provisions of section 4(b)(2)(B); and

19 (2) the information compiled and submitted
20 under this section shall be compiled and submitted
21 on the basis of each 5-digit zip code in which the in-
22 sured risks are located, rather than on the basis of
23 designated MSA and applicable region (as otherwise
24 required in this Act).

1 (c) DESIGNATION OF RURAL AREAS.—For purposes
2 of this section, the term “designated rural area” means
3 the following:

4 (1) FIRST 5 YEARS.—With respect to the first
5 5 annual reporting periods to which the reporting re-
6 quirements under this section apply, any of the 50
7 rural areas designated by the Secretary and speci-
8 fied in regulations issued pursuant to section 24,
9 which shall not be amended or revised after issu-
10 ance. The Secretary shall (to the extent possible)
11 designate 1 rural area under this paragraph in each
12 State of the United States.

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

18 (A) The designations shall be made for
19 each of the successive 5-year periods at the
20 time provided in subparagraph (C), and the
21 first such period shall be the 5-year period be-
22 ginning upon the commencement of the 6th an-
23 nual reporting period to which the reporting re-
24 quirements under this Act apply.

1 (B) The Secretary shall designate 50 rural
2 areas as designated rural areas for each such 5-
3 year period and shall designate such rural areas
4 based upon the information and recommenda-
5 tions made in the report under section 20(b) re-
6 lating to the period.

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

10 (i) not later than the date occurring
11 12 months before the commencement of
12 the 5-year period; and

13 (ii) not later than 6 months after the
14 submission to the Secretary of the report
15 under section 20(b) relating to such pe-
16 riod.

17 (D) The designations for a 5-year period
18 shall take effect upon the commencement of the
19 first annual reporting period of the 5-year pe-
20 riod that begins at least 12 months after the is-
21 suance of the regulations making such designa-
22 tions, and shall remain in effect until the expi-
23 ration of the 5-year period.

24 Notwithstanding any other provision of this section, the
25 designation of a rural area shall remain in effect until a

1 succeeding designation of rural areas under paragraph (2)
2 takes effect.

3 **SEC. 8. WAIVER OF REPORTING REQUIREMENTS.**

4 (a) WAIVER FOR STATES COLLECTING EQUIVALENT
5 INFORMATION.—

6 (1) AUTHORITY.—Subject to the requirements
7 under this section, the Secretary shall provide, by
8 regulation, for the waiver of the applicability of the
9 provisions of sections 4, 5, and 7 for each insurer
10 transacting business within a State referred to in
11 paragraph (2), but only with respect to information
12 required to be submitted under such sections that
13 relates to agents or insured risks located in the
14 State.

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

19 (A) requires insurers to submit to the
20 State information that is at least the same or
21 equivalent to the information that is required to
22 be submitted to the Secretary pursuant to sec-
23 tions 4, 5, and 7;

24 (B) provides for adequate enforcement of
25 such law or other requirements;

1 (C) provides for the same annual reporting
2 period used by the Secretary under this Act and
3 for submission of the information to the Sec-
4 retary in a timely fashion, as determined by the
5 Secretary; and

6 (D) provides that, to the extent statistical
7 agents are permitted to submit information to
8 the State on behalf of insurers, such agents are
9 subject to the same or equivalent requirements
10 as provided under section 10(b).

11 (3) DURATION.—A waiver pursuant to para-
12 graph (1) may remain in effect only during the pe-
13 riod for which the State law or other requirement re-
14 quired under paragraph (2) remains in effect.

15 (b) MULTIPLE-STATE MSA'S.—In the case of any
16 designated MSA that contains area within (1) any State
17 for which a waiver has been made pursuant to subsection
18 (a), and (2) any State for which such a waiver has not
19 been made, the provisions of this Act requiring submission
20 of information to the Secretary regarding such MSA shall
21 be considered to apply only to the portion of such MSA
22 that is located within the State for which such a waiver
23 has not been made.

24 (c) AUTHORITY FOR SECRETARY TO OBTAIN INFOR-
25 MATION DIRECTLY FROM INSURERS.—If the State for

1 which a waiver has been made pursuant to subsection (a)
2 does not submit to the Secretary the information required
3 under subsection (a)(2)(A) or submits information that is
4 not complete, the Secretary shall require the insurers
5 transacting business within the State to submit such infor-
6 mation directly to the Secretary.

7 **SEC. 9. REPORTING BY PRIVATE MORTGAGE INSURERS.**

8 (a) HMDA REPORTING.—On an annual basis, the
9 Financial Institutions Examination Council shall deter-
10 mine the extent to which each insurer providing private
11 mortgage insurance is making available to the public and
12 submitting to the appropriate agency information regard-
13 ing such insurance that is equivalent to the information
14 regarding mortgages required to be reported under the
15 Home Mortgage Disclosure Act of 1975.

16 (b) REPORTING UNDER THIS ACT.—

17 (1) CERTIFICATION OF NONCOMPLIANCE.—If,
18 for any annual period referred to in subsection (a),
19 such Council determines that any insurer providing
20 private mortgage insurance is not making available
21 to the public or submitting the information referred
22 to in subsection (a) or that the information made
23 available or submitted is not equivalent information
24 as described in subsection (a), then the Council shall
25 notify the insurer of such noncompliance. If, after

1 the expiration of a reasonable period of time, the in-
2 surer has not remedied such noncompliance to the
3 satisfaction of the Council, then the Council shall
4 immediately certify such noncompliance to the Sec-
5 retary.

6 (2) REQUIREMENT.—Upon the receipt of a cer-
7 tification under paragraph (1), the Secretary shall,
8 by regulation, require such insurer to submit to the
9 Secretary information regarding such insurance that
10 complies with the provisions of section 4 that are ap-
11 plicable to such insurance. Such regulations shall be
12 issued not later than 6 months after receipt of such
13 certification and shall apply to the first succeeding
14 annual reporting period that begins at least 6
15 months after issuance of such regulations and to
16 each annual reporting period thereafter.

17 **SEC. 10. USE OF DATA CONTRACTOR AND STATISTICAL**
18 **AGENTS.**

19 (a) DATA COLLECTION CONTRACTOR.—The Sec-
20 retary may contract with a data collection contractor to
21 collect the information required to be maintained and sub-
22 mitted under sections 4, 5, 7, 8, 9(b), and 11 if the con-
23 tractor agrees to collect the information pursuant to the
24 terms and conditions of such sections and this Act and
25 the regulations issued thereunder. Information submitted

1 to such contractor shall be available to the public to the
2 same extent as if the information were submitted directly
3 to the Secretary.

4 (b) USE OF STATISTICAL AGENTS.—

5 (1) IN GENERAL.—The Secretary shall provide,
6 by regulation, that insurers may submit any infor-
7 mation required under sections 4, 5, 7, and 9(b)
8 through statistical agents acting on behalf of more
9 than one insurer.

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

14 (A) the statistical agent has adequate pro-
15 cedures to protect the integrity of the informa-
16 tion submitted;

17 (B) the statistical agent has a statistical
18 plan and format for submitting the information
19 that meets the requirements of this Act;

20 (C) the statistical agent has procedures in
21 place that ensure that information reported
22 under the statistical plan in connection with re-
23 porting under this Act and submitted to the
24 Secretary is not subject to any adjustment by
25 the statistical agent or an insurer for reasons

1 other than technical accuracy and conformance
2 to the statistical plan;

3 (D) the information of an insurer is not
4 subject to review by any other insurer before
5 being made available to the public; and

6 (E) acceptance of the information through
7 the statistical agent will not adversely affect the
8 accuracy of the information reported.

9 (3) DISCONTINUANCE OF ACCEPTANCE OF IN-
10 FORMATION.—The Secretary may discontinue ac-
11 cepting information reported through a statistical
12 agent pursuant to this subsection if the Secretary
13 determines that the requirements for such reporting
14 are no longer met or that continued acceptance of
15 such information is contrary to the goal of ensuring
16 the accuracy of the information reported.

17 (4) GAO AUDITS.—The Comptroller General
18 shall, at the request of the Secretary, audit informa-
19 tion collection and submission performed under this
20 subsection by data collection contractors or statis-
21 tical agents to ensure that the integrity of the infor-
22 mation collected and submitted is protected. In de-
23 termining whether to request an audit of a statis-
24 tical agent, the Secretary shall consider the suffi-
25 ciency (for purposes of this Act) of audits of the sta-

1 tistical agent conducted in connection with State in-
2 surance regulation.

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

7 **SEC. 11. REPORTING OF INFORMATION REGARDING IN-**
8 **VESTMENTS BY INSURERS.**

9 (a) IN GENERAL.—The Secretary of Housing and
10 Urban Development shall, by regulation, require that each
11 designated insurer that makes a designated investment in
12 a property or business located in a designated MSA shall
13 compile and submit to the Secretary for each annual re-
14 porting period, the following information:

15 (1) DIRECT LOANS.—

16 (A) COMMERCIAL REAL ESTATE LOANS.—

17 The total number of loans for the purchase of
18 commercial real estate made by the designated
19 insurer, the aggregate amount of such loans,
20 and the amount of each such loan, by des-
21 ignated MSA and applicable region in which the
22 real estate for which the loan was made is lo-
23 cated.

24 (B) SINGLE-FAMILY MORTGAGES.—The
25 total number of mortgage loans for the pur-

1 chase of 1- to 4-family dwellings made by the
2 designated insurer, the aggregate amount of
3 such loans, and the amount of each such loan,
4 by designated MSA and applicable region in
5 which the dwelling for which the loan was made
6 is located, which information shall be
7 disaggregated by racial characteristics, income
8 level, and gender of the borrower under the
9 loan.

10 (C) COMMERCIAL AND INDUSTRIAL
11 LOANS.—The total number of commercial and
12 industrial loans made by the designated insurer,
13 the aggregate amount of such loans, and the
14 amount of each such loan, by designated MSA
15 and applicable region in which the property or
16 business involved in the loan is located, which
17 information shall be disaggregated by the size
18 of business of the borrower under the loan and
19 by the ownership characteristic of the business,
20 which shall be classified as either minority-
21 owned, women-owned, or otherwise-owned.

22 (2) LOAN PURCHASES.—

23 (A) COMMERCIAL REAL ESTATE LOANS.—
24 The total number of loans for the purchase of
25 commercial real estate purchased by the des-

1 ignated insurer, the aggregate amount of such
2 loans, and the amount of each such loan, by
3 designated MSA and applicable region in which
4 the real estate for which the loan was made is
5 located.

6 (B) SINGLE-FAMILY MORTGAGES.—The
7 total number of mortgage loans for the pur-
8 chase of 1- to 4-family dwellings purchased by
9 the designated insurer, the aggregate amount of
10 such loans, and the amount of each such loan,
11 by designated MSA and applicable region in
12 which the dwelling for which the loan was made
13 is located, which information shall be
14 disaggregated by racial characteristics, income
15 level, and gender of the borrower under the
16 loan.

17 (C) COMMERCIAL AND INDUSTRIAL
18 LOANS.—The total number of commercial and
19 industrial loans purchased by the designated in-
20 surer, the aggregate amount of such loans, and
21 the amount of each such loan, by designated
22 MSA and applicable region in which the prop-
23 erty or business involved in the loan is located,
24 which information shall be disaggregated by the
25 size of business of the borrower under the loan

1 and by the ownership characteristic of the busi-
2 ness, which shall be classified as either minor-
3 ity-owned, women-owned, or otherwise-owned.

4 (3) OTHER INVESTMENTS.—For such other in-
5 vestments made by the designated insurer, as the
6 Secretary may designate pursuant to subsection (b),
7 the total number of such investments, the aggregate
8 amount of such investments, and the amount of each
9 such investment, by designated MSA and applicable
10 region in which the property or business involved in
11 the investment is located, as determined by the Sec-
12 retary, which information shall be disaggregated by
13 the size of business of the borrower under the loan
14 and by the ownership characteristic of the business,
15 which shall be classified as either minority-owned,
16 women-owned, or otherwise-owned.

17 (b) DESIGNATION OF OTHER INVESTMENTS.—

18 (1) IN GENERAL.—For purposes of subsection
19 (a)(3), the Secretary may designate activities and in-
20 vestments other than the investments described in
21 paragraphs (1) and (2) of subsection (a) for which
22 designated insurers shall compile and submit infor-
23 mation under this section.

24 (2) REQUIREMENT.—In making designations
25 under this subsection, the Secretary shall designate

1 (A) activities and investments that significantly ben-
2 efit low- and moderate-income families and persons,
3 small businesses in distressed communities, or
4 minority- or women-owned businesses, and (B) ac-
5 tivities and investments that contribute to the cre-
6 ation of jobs and economic development of distressed
7 communities.

8 (3) CONSIDERATIONS.—The Secretary shall
9 specifically consider for designation under this sub-
10 section investments in community development fi-
11 nancial institutions, community development cor-
12 porations, State-issued bonds, and securities backed
13 by State development funds.

14 (c) SIZE OF BUSINESS.—The Secretary shall, by reg-
15 ulation, establish various categories of the sizes of busi-
16 nesses, for purposes of disaggregating information under
17 paragraphs (1)(C), (2)(C), and (3) of subsection (a) by
18 various sizes of businesses.

19 **SEC. 12. SUBMISSION OF INFORMATION TO SECRETARY**
20 **AND MAINTENANCE OF INFORMATION.**

21 (a) PERIOD OF MAINTENANCE.—Each insurer re-
22 quired by this Act to compile and submit information to
23 the Secretary shall maintain such information for the 3-
24 year period beginning upon the conclusion of the annual
25 reporting period to which such information relates. The

1 Secretary shall maintain any information submitted to the
2 Secretary for such period as the Secretary considers ap-
3 propriate and feasible to carry out the purposes of this
4 Act and to allow for historical analysis and comparison
5 of the information.

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

17 **SEC. 13. COMPILATION OF AGGREGATE INFORMATION.**

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

20 (1) compile, for each designated MSA, by des-
21 ignated line (and if such information is submitted,
22 by subline or coverage type)—

23 (A) information submitted under sections
24 4, 5, 8, and 9(b) and loss ratios (if the submis-
25 sion of loss information is required), aggregated

1 by applicable region for all insurers submitting
2 such information; and

3 (B) such information and loss ratios (if the
4 submission of loss information is required), ag-
5 gregated by applicable region for each such in-
6 surer; and

7 (2) produce tables based on information submit-
8 ted under sections 4, 5, 8, and 9(b) for each des-
9 ignated MSA, by insurer and for all insurers, by des-
10 ignated line (and if such information is submitted,
11 by subline or coverage type), indicating—

12 (A) insurance underwriting patterns aggre-
13 gated for the applicable regions within the
14 MSA, grouped according to location, age of
15 property, income level, and racial characteristics
16 of neighborhoods; and

17 (B) loss ratios based on the information
18 obtained pursuant to sections 4, 5, 8, and 9(b)
19 (if the submission of loss information is re-
20 quired), aggregated for the applicable regions
21 within the MSA, grouped according to location,
22 age of property, income level, and racial charac-
23 teristics of neighborhoods.

24 (b) AGENT INFORMATION.—For each annual report-
25 ing period and for each designated MSA, the Secretary

1 shall compile, by designated line, the information submit-
2 ted under section 4(b)(1)(C)—

3 (1) by designated insurer by applicable region;

4 (2) by designated insurer aggregated for the
5 applicable regions within the designated MSA,
6 grouped according to location, age of property, in-
7 come level, and racial characteristics; and

8 (3) for all designated insurers that have submit-
9 ted such information for the designated MSA, aggre-
10 gated for the applicable regions within the des-
11 ignated MSA, grouped according to location, age of
12 property, income level, and racial characteristics.

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

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

18 (A) information regarding insurance in
19 rural areas submitted under sections 7 and 8
20 and loss ratios, for all insurers for which such
21 information is submitted; and

22 (B) such information and loss ratios, for
23 each such insurer; and

24 (2) produce tables for each 5-digit zip code
25 based on information regarding insurance in rural

1 areas submitted under sections 7 and 8, by insurer
2 and for all such insurers for which information is
3 submitted under such sections, by designated line
4 (and if such information is submitted, by subline or
5 coverage type), indicating—

6 (A) insurance underwriting patterns, ag-
7 gregated by zip codes, grouped according to lo-
8 cation, age of property, income level, and racial
9 characteristics of neighborhoods (where such
10 demographic information is available); and

11 (B) loss ratios, based on the information
12 obtained pursuant to sections 7 and 8, aggre-
13 gated by zip codes, grouped according to loca-
14 tion, age of property, income level, and racial
15 characteristics of neighborhoods (where such
16 demographic information is available).

17 (d) INVESTMENT INFORMATION.—For each annual
18 reporting period, the Secretary shall—

19 (1) compile the information submitted under
20 section 11, for each designated MSA—

21 (A) aggregated by applicable region for all
22 insurers, by designated investment; and

23 (B) aggregated by applicable region for
24 each insurer, by designated investment; and

1 (2) produce tables for each designated MSA, for
2 each insurer and for all insurers, indicating patterns
3 of designated investments, which shall be aggregated
4 by applicable region, grouped according to racial
5 characteristics, income level, and gender of the bor-
6 rower or size of business of the borrower and owner-
7 ship characteristic of the business, as applicable.

8 **SEC. 14. AVAILABILITY AND ACCESS SYSTEM.**

9 (a) AVAILABILITY TO PUBLIC.—

10 (1) IN GENERAL.—The Secretary shall main-
11 tain and make available to the public, in accordance
12 with the requirements of this section, any informa-
13 tion submitted to the Secretary under this Act and
14 any information compiled by the Secretary under
15 this Act.

16 (2) TIMING.—The Secretary shall make such
17 information publicly available on a timetable deter-
18 mined by the Secretary, but not later than 9 months
19 after the conclusion of the annual reporting period
20 to which the information relates, except that such
21 information shall not be made available to the public
22 until it is available in its entirety unless not all the
23 information required to be reported is available by
24 such date.

25 (b) PUBLIC ACCESS SYSTEM.—

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

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

7 (A) ACCESS TO ITEMIZED INFORMATION.—
8 To information submitted under sections 4, 5,
9 7, 8, 9(b), and 11 on the basis of the insurer
10 submitting the information, on the basis of des-
11 ignated MSA and applicable region (or in the
12 case of rural information submitted under sec-
13 tion 7 or 8, on the basis of 5-digit zip code),
14 and on any other basis the Secretary considers
15 feasible and appropriate.

16 (B) ACCESS TO AGGREGATE INFORMA-
17 TION.—To aggregate information compiled
18 under section 13, on the basis of (i) the insurer
19 submitting the information, and (ii) designated
20 MSA and applicable region (or in the case of
21 rural information submitted under section 7 or
22 8, on the basis of 5-digit zip code), and on any
23 other basis the Secretary considers feasible and
24 appropriate.

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

6 (4) FORM.—The Secretary shall, by regulation,
7 establish the forms in which such information may
8 be furnished by the Secretary. Such forms shall in-
9 clude written statements, forms readable by widely
10 used personal computers, and, if feasible, on-line ac-
11 cess for personal computers. The Secretary shall
12 provide the information available under this section
13 in any such form requested by the person requesting
14 the information, except that the Secretary may
15 charge a fee for providing such information, which
16 may not exceed the amount, determined by the Sec-
17 retary, that is equal to the cost of reproducing the
18 information.

19 (5) ANALYSIS SOFTWARE.—The Secretary shall
20 make available to the public software that can be
21 used on a personal computer to analyze the informa-
22 tion provided under this section. The software shall
23 be capable of analyzing the information by insurer,
24 designated line, race, gender, MSA, and applicable
25 region. It shall also contain data compiled by the

1 Secretary for each MSA and applicable region on in-
2 come levels, age of property, and racial characteris-
3 tics that can be used to evaluate the information
4 provided under this Act by insurers. The software
5 and any accompanying data shall be made available
6 to the public without charge, except for an amount,
7 determined by the Secretary, which shall not exceed
8 the actual cost of reproducing the software and the
9 accompanying data.

10 (c) PROTECTIONS REGARDING LOSS INFORMA-
11 TION.—

12 (1) PROHIBITION OF DISCLOSURE OF LOSS IN-
13 FORMATION.—Notwithstanding any other provision
14 of this Act, the Secretary may not make available to
15 the public or otherwise disclose any information sub-
16 mitted under this Act regarding the amount or num-
17 ber of claims paid by any insurer, the amount of
18 losses of any insurer, or the loss experience for any
19 insurer, except (A) in the form of a loss ratio (ex-
20 pressing the relationship of claims paid to pre-
21 miums) made available or disclosed in compliance
22 with the provisions of paragraph (2), or (B) as pro-
23 vided in paragraph (3).

1 (2) PROTECTION OF IDENTITY OF INSURER.—
2 In making available to the public or otherwise dis-
3 closing a loss ratio for an insurer—

4 (A) the Secretary may not identify the in-
5 surer to which the loss ratio relates; and

6 (B) the Secretary may disclose the loss
7 ratio only in a manner that does not allow any
8 party to determine the identity of the specific
9 insurer to which the loss ratio relates, except
10 parties having access to information under
11 paragraph (3).

12 (3) CONFIDENTIALITY OF INFORMATION DIS-
13 CLOSED TO GOVERNMENTAL AGENCIES.—The Sec-
14 retary may make information referred to in para-
15 graph (1) and the identity of the specific insurer to
16 which such information relates available to any Fed-
17 eral entity and any State agency responsible for reg-
18 ulating insurance in a State and may otherwise dis-
19 close such information to any such entity or agency,
20 but only to the extent such entity or agency agrees
21 not to make any such information available or dis-
22 close such information to any other person.

1 **SEC. 15. DESIGNATIONS.**

2 (a) DESIGNATION OF MSA'S.—For purposes of this
3 Act, the term “designated MSA” means the following
4 MSA's:

5 (1) FIRST 5 YEARS.—With respect to the first
6 5 annual reporting periods to which the reporting re-
7 quirements under this Act apply (pursuant to sec-
8 tion 26), any of the 150 MSA's selected as follows:

9 (A) The Secretary shall select the 50
10 MSA's having the largest populations, as deter-
11 mined by the Secretary and specified in regula-
12 tions issued pursuant to section 24, which shall
13 not be amended or revised after issuance.

14 (B) The Secretary shall select 100 addi-
15 tional MSA's, on a basis that provides for (i)
16 geographic diversity among the designated
17 MSA's under this paragraph, and (ii) diversity
18 in size of the populations among such MSA's.

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

23 (A) The designations shall be made for
24 each of the successive 5-year periods at the
25 time provided in subparagraph (C), and the
26 first such period shall be the 5-year period be-

1 ginning upon the commencement of the 6th an-
2 nual reporting period to which the reporting re-
3 quirements under this Act apply.

4 (B) The Secretary shall designate not less
5 than 150 MSA's as designated MSA's for each
6 such 5-year period and shall designate such
7 MSA's based upon the information and rec-
8 ommendations made in the report under section
9 20(b) relating to the period.

10 (C) The Secretary shall make the designa-
11 tion of MSA's for an ensuing 5-year period by
12 regulations issued—

13 (i) not later than the date occurring
14 12 months before the commencement of
15 the 5-year period; and

16 (ii) not later than 6 months after the
17 submission to the Secretary of the report
18 under section 20(b) relating to such pe-
19 riod.

20 (D) The designations for a 5-year period
21 shall take effect upon the commencement of the
22 first annual reporting period of the 5-year pe-
23 riod that begins at least 12 months after the is-
24 suanace of the regulations making such designa-

1 tions, and shall remain in effect until the expi-
2 ration of the 5-year period.

3 Notwithstanding any other provision of this section, the
4 designation of an MSA shall remain in effect until a suc-
5 ceeding designation of MSA's under paragraph (2) takes
6 effect.

7 (b) DESIGNATION OF INSURERS.—The Secretary
8 shall designate, for each designated line and each State,
9 insurers doing business in the lines as designated insurers
10 in the State for purposes of this Act, subject to the follow-
11 ing requirements:

12 (1) HIGHEST AGGREGATE PREMIUM VOLUME.—

13 (A) GENERAL RULE.—For a State, the
14 Secretary shall designate, for each designated
15 line, each of the insurers and insurer groups in-
16 cluded in the class established under this para-
17 graph for the State.

18 (B) DETERMINATION.—In the State, the
19 Secretary shall rank the insurers and insurer
20 groups in each designated line from the insurer
21 or group having the largest aggregate premium
22 volume in the State for such line to the insurer
23 or group having the smallest such aggregate
24 premium volume and shall include in the class
25 for the State only (i) the insurer or group of

1 the highest rank, and (ii) each insurer or group
2 of successively lower rank if the inclusion of
3 such insurer or group in the class does not re-
4 sult in the sum of such aggregate premium vol-
5 umes for insurers and groups in the class ex-
6 ceeding 80 percent of the total aggregate pre-
7 mium volume in the State for the line, and (iii)
8 the first such successively lower ranked insurer
9 or insurer group whose inclusion in the class re-
10 sults in such sum exceeding 80 percent of the
11 total aggregate premium volume in the State
12 for the line.

13 (2) MINIMUM AGGREGATE PREMIUM VOLUME.—
14 For a State, the Secretary shall designate, for each
15 designated line, each insurer and insurer group not
16 designated pursuant to paragraph (1) whose pre-
17 mium volume in the State for the designated line ex-
18 ceeds 1 percent of the total aggregate premium vol-
19 ume in the State for the line.

20 (3) FAIR PLANS AND JOINT UNDERWRITING
21 ASSOCIATIONS.—For a State, the Secretary shall
22 designate, for each designated line—

23 (A) each statewide plan under part A of
24 title XII of the National Housing Act to assure
25 fair access to insurance requirements, and

1 (B) each joint underwriting association,
2 that provides insurance under such line.

3 (4) DURATION.—The Secretary shall designate
4 insurers under this subsection once every 5 years.
5 Each insurer designated shall be a designated in-
6 surer for each of the first 5 successive annual re-
7 porting periods commencing after such designation.

8 (c) DESIGNATION OF LINES OF INSURANCE.—

9 (1) IN GENERAL.—The Secretary shall, by reg-
10 ulation, designate lines of insurance as designated
11 lines for purposes of this Act, as follows:

12 (A) AUTOMOBILE.—The Secretary shall
13 designate private passenger automobile insur-
14 ance and shall also designate any sublines and
15 coverage types of private passenger automobile
16 insurance that the Secretary considers appro-
17 priate to determine and compare the availabil-
18 ity, affordability, and type of coverage in such
19 line among applicable regions.

20 (B) NONCOMMERCIAL INSURANCE FOR
21 RESIDENTIAL PROPERTY.—The Secretary shall
22 designate homeowners insurance and dwelling
23 fire and allied lines, and shall distinguish the
24 coverage types in such lines by the perils cov-
25 ered and by market or replacement value. For

1 purposes of this Act, homeowners insurance
2 shall not include any renters coverage or cov-
3 erage for the personal property of a condomin-
4 ium owner.

5 (C) BID, PERFORMANCE, AND PAYMENT
6 BONDS FOR SMALL BUSINESSES.—The Sec-
7 retary shall designate lines, and any sublines
8 and coverage types, of bid, performance, and
9 payment bonds for small businesses, for which
10 reporting is required pursuant to section 6, that
11 the Secretary considers appropriate to deter-
12 mine and compare the availability, affordability,
13 and quality or type of coverage in bid, perform-
14 ance, and payment bonds for small businesses
15 among applicable regions.

16 (2) REPORT.—At any time the Secretary deter-
17 mines that any line of insurance not described in
18 paragraph (1) should be a designated line because
19 disparities in coverage provided under such line exist
20 among geographic areas having different income lev-
21 els or racial composition, the Secretary shall submit
22 a report recommending designating such line of in-
23 surance as a designated line for purposes of this Act
24 to the Committee on Banking, Finance and Urban

1 Affairs of the House of Representatives and the ap-
2 propriate Committees of the Senate.

3 (3) DURATION.—

4 (A) IN GENERAL.—Except as provided in
5 subparagraph (B), the Secretary shall make the
6 designations under this subsection once every 5
7 years, by regulation, and each line and subline
8 or coverage type designated under such regula-
9 tions shall be designated for each of the first 5
10 successive annual reporting periods occurring
11 after issuance of the regulations.

12 (B) ALTERATION.—During any 5-year pe-
13 riod referred to in subparagraph (A) in which
14 designations are in effect, the Secretary may
15 amend or revise the designated lines, sublines,
16 and coverage types only by regulation and only
17 in accordance with the requirements of this
18 subsection. Such regulations amending or revis-
19 ing designations shall apply only to annual re-
20 porting periods beginning after the expiration
21 of the 6-month period beginning on the date of
22 issuance of the regulations.

23 (d) TIMING OF DESIGNATIONS.—The Secretary shall
24 make the designations required by subsections (b)(4) and
25 (c)(3)(A) and notify interested parties during the 6-month

1 period ending 6 months before the commencement of the
2 first annual reporting period to which such designations
3 apply.

4 (e) OBTAINING INFORMATION.—The Secretary may
5 require insurers to submit to the Secretary such informa-
6 tion as the Secretary considers necessary to make designa-
7 tions specifically required under this Act. The Secretary
8 may not require insurers to submit any information under
9 this subsection that relates to any line of insurance not
10 specifically authorized to be designated pursuant to this
11 Act or that is to be used solely for the purpose of a report
12 under subsection (c)(2).

13 **SEC. 16. IMPROVED METHODS AND REPORTING ON BASIS**
14 **OF OTHER AREAS.**

15 (a) DEVELOPMENT OF IMPROVED METHODS.—The
16 Secretary shall develop, or assist in the improvement of,
17 methods of matching addresses and applicable regions to
18 facilitate compliance by insurers, in as economical a man-
19 ner as possible, with the requirements of this Act. The
20 Secretary shall allow insurers, or statistical agents acting
21 on behalf of insurers, to match addresses and applicable
22 regions through the use of 9-digit zip codes if the Sec-
23 retary determines that such use will substantially reduce
24 the cost and burden to insurers of such matching without

1 significant adverse impact on the reliability of the match-
2 ing.

3 (b) ADDRESS CONVERSION SOFTWARE.—The Sec-
4 retary shall make available, to any insurer required to pro-
5 vide information to the Secretary under this Act, computer
6 software that can be used to convert addresses to applica-
7 ble regions within designated MSA's. The software shall
8 be made available in forms that provide such conversion
9 for designated MSA's on a nationwide basis and on a
10 State-by-State basis. The software shall be made available
11 not less than 6-months before the first annual reporting
12 period to which the reporting requirements under this Act
13 apply (pursuant to section 226) and shall be updated an-
14 nually. The software shall be made available without
15 charge, except for an amount, determined by the Sec-
16 retary, which shall not exceed the actual cost of reproduc-
17 ing the software.

18 (c) CONVERTIBILITY.—

19 (1) AUTHORITY.—The Secretary may, by regu-
20 lation, provide for insurers to comply with the re-
21 quirements under sections 4, 5, 9(b), and 11 by re-
22 porting the information required under such sections
23 on the basis of geographical location other than
24 MSA and applicable region, but only if the Secretary
25 determines that information reported on such other

1 basis is convertible to the basis of MSA and applica-
2 ble region and such conversion does not affect the
3 accuracy of the information.

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

10 **SEC. 17. ANNUAL REPORTING PERIOD.**

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

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

1 **SEC. 18. DISCLOSURES BY INSURERS TO APPLICANTS AND**
2 **POLICYHOLDERS.**

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

5 (1) APPLICANTS.—Each insurer that, through
6 the insurer, or an agent or broker, declines a written
7 application or written request to issue an insurance
8 policy under a designated line shall provide to the
9 applicant at the time of such declination, through
10 such insurer, agent, or broker, one of the following:

11 (A) A written explanation of the specific
12 reasons for the declination.

13 (B) Written notice that (i) the applicant
14 may submit to the insurer, agent, or broker,
15 within 90 days of such notice, a written request
16 for a written explanation of the reasons for the
17 declination, and (ii) pursuant to such a request,
18 an explanation shall be provided to the appli-
19 cant within 21 days after receipt of such re-
20 quest.

21 If an insurer, agent, or broker making a declination
22 receives a written request referred to in subpara-
23 graph (B) within such 90-day period, the insurer,
24 agent, or broker shall provide a written explanation
25 referred to in such subparagraph within such 21-day
26 period.

1 (2) POLICYHOLDERS.—Each insurer that can-
2 cels or refuses to renew an insurance policy under
3 a designated line shall provide to the policyholder, in
4 writing and within an appropriate period of time as
5 determined by the Secretary, the reasons for cancel-
6 ing or refusing to renew the policy.

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

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

1 subsection or requirements that are more stringent or
2 comprehensive, in the determination of the Secretary.

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

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

18 **SEC. 19. ENFORCEMENT.**

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

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

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

9 **SEC. 20. REPORTS.**

10 (a) ANNUAL REPORT.—The Secretary shall annually
11 report to the Committee on Banking, Finance and Urban
12 Affairs of the House of Representatives and the appro-
13 priate Committees of the Senate on the implementation
14 of this Act and shall make recommendations to such Com-
15 mittees on such additional legislation as the Secretary
16 deems appropriate to carry out this Act. The Secretary
17 shall include in each annual report a description of any
18 complaints or problems resulting from the implementation
19 of this Act, of which the Secretary has knowledge, made
20 by (or on behalf of) insurance policyholders that concern
21 the disclosure of information regarding policyholders and
22 any recommendations for addressing such problems. Each
23 report shall specifically address whether granting property
24 and casualty insurance powers to other financial
25 intermediaries would significantly reduce redlining and

1 other discriminatory insurance practices and the Secretary
2 shall consult with the appropriate financial institution reg-
3 ulators regarding such issues in preparing the report.

4 (b) GAO REPORTS.—

5 (1) IN GENERAL.—The Comptroller General of
6 the United States shall submit a report under this
7 subsection to the Secretary and the Congress for
8 each 5-year period referred to in sections 7(c)(2)
9 and 15(a)(2), which contains information to be used
10 by the Secretary in implementing this Act during
11 such period.

12 (2) TIMING.—The report under this subsection
13 for each such 5-year period shall be submitted not
14 later than the date occurring 18 months before the
15 commencement of the period to which the report re-
16 lates.

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

19 (A) An analysis of the adequacy of the im-
20 plementation of this Act and any recommenda-
21 tions of the Comptroller General for improving
22 the implementation.

23 (B) The costs to the Federal Government,
24 insurers, and consumers of implementing and
25 complying with this Act.

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

3 (D) An analysis of whether, considering
4 the purposes of this Act, insurers are required
5 by this Act (or by implementing regulations) to
6 submit appropriate information.

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

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

15 (G) Specific recommendations, for use by
16 the Secretary in designating MSA's for the 5-
17 year period for which the report is made, with
18 regard to—

19 (i) the characteristics of MSA's that
20 should be included in the group of des-
21 ignated MSA's;

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

1 (iii) the number of MSA's having each
2 particular characteristic that should be in-
3 cluded in the group; and

4 (iv) the characteristics of MSA's, and
5 number of MSA's having each such char-
6 acteristic, that should be removed from the
7 group of designated MSA's in effect at the
8 time of the report.

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

20 (I) An analysis of whether the group of
21 designated rural areas in effect at the time of
22 the report are appropriate for purposes of this
23 Act.

24 (J) Specific recommendations, for use by
25 the Secretary in designating rural areas for

1 purposes of section 7 for the 5-year period for
2 which the report is made, with regard to—

3 (i) the characteristics of rural areas
4 that should be included in the group of
5 designated rural areas under such section;

6 (ii) the number of rural areas having
7 each particular characteristic that should
8 be included in the group; and

9 (iii) the characteristics of rural areas,
10 and number of rural areas having each
11 such characteristic, that should be removed
12 from the group of designated rural areas
13 in effect at the time of the report.

14 (K) Any other information or recommenda-
15 tions relating to the requirements or implemen-
16 tation of this Act that the Comptroller General
17 considers appropriate.

18 (4) CONSULTATION.—In preparing each report
19 under this subsection, the Comptroller General shall
20 consult with Federal agencies having appropriate ex-
21 pertise, the National Association of Insurance Com-
22 missioners, State insurance regulators, statistical
23 agents, representatives of small businesses, rep-
24 resentatives of insurance agents (including minority
25 insurance agents) and property and casualty insur-

1 ers, and community, consumer, and civil rights orga-
2 nizations.

3 **SEC. 21. TASK FORCE ON AGENCY APPOINTMENTS.**

4 (a) ESTABLISHMENT.—Not later than 90 days after
5 the date of the enactment of this Act, the Secretary shall
6 establish a task force on insurance agency appointments.

7 The task force shall—

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

14 (2) have a significant representation from mi-
15 nority insurance agents; and

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

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

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

1 (2) review the practices of insurers in terminat-
2 ing agents and consider the effects such practices
3 have on the availability, affordability, and quality or
4 type of insurance, especially in underserved areas;
5 and

6 (3) recommend solutions to improve the ability
7 of inner city and minority insurance agents to mar-
8 ket property and casualty insurance products, in-
9 cluding steps property and casualty insurers should
10 take to increase their appointments of such agents.

11 (c) REPORT AND TERMINATION.—The task force
12 shall report to the Committee on Banking, Finance and
13 Urban Affairs of the House of Representatives and the
14 appropriate Committees of the Senate its findings under
15 paragraphs (1) and (2) of subsection (b) and its rec-
16 ommendations under paragraph (3) of subsection (b) not
17 later than 2 years after the date of the enactment of this
18 Act. The task force shall terminate when the report is sub-
19 mitted to the Committees.

20 **SEC. 22. STUDIES.**

21 (a) STUDY OF INSURANCE PRESCREENING.—

22 (1) IN GENERAL.—The Secretary shall conduct
23 a study to determine the feasibility and utility of re-
24 quiring insurers to report information with respect
25 to the characteristics of applicants for insurance and

1 reasons for rejection of applicants. The study shall
2 examine the extent 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 re-
9 garding whether or not to insure a prospective
10 insured;

11 (C) written applications are submitted
12 after the insurer or agent has already made a
13 determination to provide insurance to a pro-
14 spective insured or has determined that the pro-
15 spective 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 racial characteristics of the
22 prospective insured;

23 (iii) the racial composition of the
24 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
5 results of the study under paragraph (1) to the
6 Committee on Banking, Finance and Urban Affairs
7 of the House of Representatives and the appropriate
8 Committees of the Senate not later than 2 years
9 after the date of the enactment of this Act. The re-
10 port shall include recommendations of the Secretary
11 (A) with respect to requiring insurers to report on
12 the disposition of oral and written applications for
13 insurance, and (B) for any legislation that the Sec-
14 retary considers appropriate regarding the issues de-
15 scribed in the report.

16 (b) STUDY OF INSURER ACTIONS TO MEET INSUR-
17 ANCE NEEDS OF CERTAIN NEIGHBORHOODS.—The Sec-
18 retary shall conduct a study of various practices, actions,
19 and methods undertaken by insurers to meet the property
20 and casualty insurance needs of residents of low- and mod-
21 erate-income neighborhoods, minority neighborhoods, and
22 small businesses located in such neighborhoods. The Sec-
23 retary shall report the results of the study, including any
24 recommendations, to the Committee on Banking, Finance
25 and Urban Affairs of the House of Representatives and

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

3 (c) STUDY OF DISPARATE CLAIMS TREATMENT.—

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

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

24 (d) STUDY OF RATING TERRITORIES.—The Sec-
25 retary shall conduct a study to determine whether the

1 practice in the insurance industry of basing insurance pre-
2 mium amounts on the territory in which the insured risk
3 is located has a disparate impact on the availability, af-
4 fordability, or quality of insurance by race, gender, or type
5 of neighborhood. The Secretary shall submit a report on
6 the results of the study to the Committee on Banking, Fi-
7 nance and Urban Affairs of the House of Representatives
8 and the appropriate Committees of the Senate not later
9 than 12 months after the date of the enactment of this
10 Act.

11 (e) STUDY OF INSURER REINVESTMENT REQUIRE-
12 MENTS.—

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

1 (2) REPORT.—The Secretary shall report the
2 results of the study, including any such rec-
3 ommendations, to the Committee on Banking, Fi-
4 nance and Urban Affairs of the House of Represent-
5 atives and the appropriate Committees of the Senate
6 not later than 6 months after the conclusion of the
7 first annual reporting period to which the reporting
8 requirements under this Act apply (pursuant to sec-
9 tion 26).

10 **SEC. 23. EXEMPTION AND RELATION TO STATE LAWS.**

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

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

20 **SEC. 24. REGULATIONS.**

21 (a) IN GENERAL.—The Secretary shall issue any reg-
22 ulations required under this Act and any other regulations
23 that may be necessary to carry out this Act. The regula-
24 tions shall be issued through rulemaking in accordance
25 with the procedures under section 553 of title 5, United

1 States Code, for substantive rules. Except as otherwise
2 provided in this Act, such final regulations shall be issued
3 not later than the expiration of the 18-month period begin-
4 ning on the date of the enactment of this Act.

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

12 **SEC. 25. DEFINITIONS.**

13 For purposes of this Act:

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

22 (2) APPLICABLE REGION.—The term “applica-
23 ble region” means, with respect to a designated
24 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 private passenger
10 automobile, homeowner’s insurance and dwelling fire
11 and allied lines, and other personal lines of insur-
12 ance.

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

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

1 ing any other investment designated by the Sec-
2 retary under section 11(b).

3 (6) DESIGNATED LINE.—The term “designated
4 line” means a line of insurance or bid, performance,
5 and payment bonds designated by the Secretary
6 under section 15(c).

7 (7) EXPOSURES.—The term “exposures”
8 means, for purposes of section 4, with respect to an
9 insurance policy, an expression of an exposure unit
10 covered under the policy compared to the duration of
11 the policy (pursuant to standards established by the
12 Secretary for uniform reporting of exposures).

13 (8) EXPOSURE UNITS.—The term “exposure
14 units” means, for purposes of section 4, an auto-
15 mobile or dwelling covered under an insurance policy
16 for private passenger automobile or homeowners or
17 dwelling fire and allied lines coverage.

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

1 (10) INSURER.—Except with respect to section
2 9, the term “insurer” means any corporation, asso-
3 ciation, society, order, firm, company, mutual, part-
4 nership, individual, aggregation of individuals, or
5 any other legal entity that is authorized to transact
6 the business of property or casualty insurance in any
7 State or that is engaged in a property or casualty
8 insurance business. With respect to section 6, the
9 term means any person authorized to transact the
10 business of bid, performance, and payment bonds for
11 small businesses. The term does not include an indi-
12 vidual or entity which represents an insurer as agent
13 solely for the purpose of selling or which represents
14 a consumer as a broker solely for the purpose of
15 buying insurance.

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

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

23 (13) MORTGAGE INSURANCE.—The term
24 “mortgage insurance” means insurance against the

1 nonpayment of, or default on, a mortgage or loan
2 for residential or commercial property.

3 (14) MSA.—The term “MSA” means a Metro-
4 politan Statistical Area or a Primary Metropolitan
5 Statistical Area.

6 (15) PRIVATE MORTGAGE INSURANCE.—The
7 term “private mortgage insurance” means mortgage
8 insurance other than mortgage insurance made
9 available under the National Housing Act, title 38 of
10 the United States Code, or title V of the Housing
11 Act of 1949.

12 (16) PROPERTY AND CASUALTY INSURANCE.—
13 The term “property and casualty insurance” means
14 insurance against loss of or damage to property, in-
15 surance against loss of income or extra expense in-
16 curred because of loss of, or damage to, property,
17 and insurance against third party liability claims
18 caused by negligence or imposed by statute or con-
19 tract. Such term does not include workers’ com-
20 pensation, professional liability, or title insurance.

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

1 cludes each statewide plan under part A of title XII
2 of the National Housing Act to assure fair access to
3 insurance requirements.

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

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

7 (B) has a continuous boundary; and

8 (C) contains only areas that are rural
9 areas, as such term is defined in section 520 of
10 the Housing Act of 1949 (except that clause
11 (3)(B) of such section 520 shall not apply for
12 purposes of this Act).

13 (19) SECRETARY.—The term “Secretary”
14 means the Secretary of Housing and Urban Develop-
15 ment.

16 (20) STATE.—The term “State” means any
17 State, the District of Columbia, the Commonwealth
18 of Puerto Rico, the Northern Mariana Islands, the
19 Virgin Islands, American Samoa, and the Trust Ter-
20 ritory of the Pacific Islands.

21 **SEC. 26. EFFECTIVE DATE.**

22 The requirements of this Act relating to reporting of
23 information by insurers shall take effect with respect to
24 the first annual reporting period that begins more than
25 36 months after the date of the enactment of this Act.



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