

HB713

2 119474-3

3 By Representatives Faust, Buskey, Gordon, Barton, Gaston,

4 Fincher, McMillan and Davis

5 RFD: Banking and Insurance

6 First Read: 11-MAR-10

Page 0

1 119474-3:n:03/09/2010:KMS/mfp LRS2010-1589R2

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4 "The Faust/Brooks Crystal Clear Real Property Owners Department of Insurance
Consumer Protection and Information Bill" (. . . or something)

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8 SYNOPSIS: This bill would create ~~the Department of~~
9 ~~Insurance Transparency Act~~ CHANGE THE NAME OF THE ACT/ BILL. (Get words
"Transparency" and "Consumer" and "Real Property owners" in the title; it is important to
distinguish this bill from others that will be called Transparency Something-or-Other in
the bait-and-switch game the lobbyists have demonstrated they are going to play. How
about for a title: "The Faust/Brooks Crystal Clear Real Property Owners Department of
Insurance Consumer Protection and Information Bill")

10 This bill would require insurance companies
11 transacting business in the state to provide policy
12 and premium information to the Department of
13 Insurance.

14 This bill would require the department to
15 provide on the department website aggregate data, separately for homeowners and
commercial property insurance policies, of the number of policies written, the direct
earned premiums, and the direct incurred losses, the number of policies written, the
direct earned premiums and the direct incurred losses,
16 representing the total of
19 every insurance company doing business in Alabama.

20 This bill would also require the department
21 to post on the department website a comprehensive
22 description of the actuarial model used by the
23 department for homeowner's and commercial properties risk and other related
24 data.

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26 A BILL

27 TO BE ENTITLED

Page 1

1 AN ACT

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3 ~~Creating the Department of Insurance Transparency~~

4 ~~Act~~; (CHANGED NAME) to require insurance companies transacting business in
5 the state to provide policy and premium information to the
6 department; to require the department to provide on the
7 department website aggregate data, separately for homeowners and commercial
property insurance policies, of the number of policies written, the direct earned

premiums, and the direct incurred losses, the number of policies written, the direct earned premiums and the direct incurred losses, representing the total of every insurance company doing business in Alabama; to require the department to post on the department website a comprehensive description of the actuarial model used by the department for homeowner's and commercial properties risk and other related data; and to

provide penalties for insurance company noncompliance.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This bill shall be known and may be cited

as the ~~Department of Insurance Transparency Act~~. (CHANGED NAME as shown in the synopsis)

Section 2. (a) Each insurance company transacting

business in the State of Alabama shall annually submit to the

Alabama Department of Insurance, on or before October 1, separately for homeowners and commercial property insurance policies, the total amount of direct incurred losses, the number of policies written, and the direct earned premiums for the prior calendar year. Aggregated totals shall be arranged by county and Zip Code.

(b) Based upon all submitted company reports, and other information submitted to or otherwise gathered by the

Page 2

department, the department shall compile and maintain a

statewide database and shall post on the department website

separately for homeowners and commercial property insurance policies, the aggregate amount of direct incurred losses, the number of policies written, and the direct earned premiums, by county and Zip

Code, by calendar year, on or before January 15, 2012

(c) The aggregate information compiled from the

statewide database, and posted on the department website,

shall be updated annually. The posted information shall

include separately for homeowners and commercial property insurance policies, the aggregate amount of direct incurred losses, the number of policies written, and the direct earned premiums, by county and

Zip Code, by calendar year, on or before January 15, 2012 for each of the following perils: fire, non-catastrophe, wind/hail, catastrophe wind/hail, water, theft, liability, tornado, wind-driven water

Section 3. (a) The department shall also post on the

department website a general description of the rate-making methodology that the department permits insurance companies to use in establishing their homeowners and commercial property rates .

Section 4. Each admitted insurance company transacting

business in this state shall provide the information required

Page 3

by this act, relating to the total losses premiums,

and policies in each county by Zip Code, and their dollar

value, by year, commencing with January 1, 1990. Based upon

the submitted information, the department shall compile

aggregate totals, pursuant to Section 1, by year, commencing

with 1990, and post those aggregate totals, by county and Zip

Code, on the department website.

8 Section 5. (a) The commissioner and employees of the
9 department shall incur no liability and no cause of action of
10 any nature shall lie against the commissioner or any employee
11 of the department for any action taken pursuant to this act.

12(b) Upon written request of an insurance company,
13 the commissioner may waive, or extend for up to an additional
14 90 days, the October 1 reporting requirement imposed by this
15 act. The request shall demonstrate a reasonable cause for
16 waiving or extending the deadline.

17 (c) Any insurance company granted a 90-day extension
18 that fails to comply on or before the 90th day shall be fined
19 two thousand five hundred dollars (\$2,500) per day, by the
20 department until the date of compliance. Any funds collected
21 pursuant to this subsection shall be deposited into the State
22 General Fund.

23 (d) Any insurance company failing to comply for more
24 than 30 days after extension shall immediately be suspended
25 from selling new policies of insurance of any kind in this
26 state until such time as the insurance company is in
27 compliance.

Page 4

1 Section 6. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.

Page 5