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SYNOPSIS: This bill would create the Property Insurance Clarity Act.

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

This bill would require the department to provide, on the department website, aggregate information for homeowners insurance policies pertaining to 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.

This bill would also require the department to post on the department website a comprehensive description of the actuarial model used by the department for homeowners properties risk and other related data.

1 A BILL

2 TO BE ENTITLED

3 AN ACT

4  
5 Creating the Property Insurance Clarity Act; to  
6 require insurance companies transacting homeowners insurance  
7 business in the state to provide policy and premium  
8 information to the department; to require the department to  
9 provide on the department website aggregate information for  
10 homeowners insurance policies, pertaining to the number of  
11 policies written, the direct earned premiums, and the direct  
12 incurred losses representing the total of every insurance  
13 company doing business in the state; to require the department  
14 to post on the department website a comprehensive description  
15 of the actuarial model used by the department for homeowners  
16 properties risk and other related data; and to provide  
17 penalties for insurance company noncompliance.

18 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

19 Section 1. This act shall be known and may be cited  
20 as the Property Insurance Clarity Act.

21 Section 2. (a) Each insurance company transacting  
22 homeowners insurance business in the State of Alabama shall  
23 annually submit to the Alabama Department of Insurance,  
24 commencing on or before October 1, 2013, for homeowners  
25 insurance policies, computations of the total amount of direct  
26 incurred losses, the number of policies written, and the

1 direct earned premiums for the prior calendar year. The  
2 insurance company shall report the computations to the  
3 department by zip code. The information received by the  
4 department shall be aggregated across all insurance companies  
5 collectively and the aggregated totals shall be arranged by  
6 zip code. Homeowners insurance shall also include condominium  
7 insurance, dwelling fire policies, renters/tenants insurance,  
8 and mobile home/manufactured housing property insurance.  
9 Creditor-placed property insurance and condominium association  
10 insurance are excluded from this act.

11 (b) Based upon the information submitted to or  
12 otherwise gathered by the department, the department shall  
13 compile and post on the department website the aggregated  
14 total of the estimates provided in subsection (a) by zip code  
15 for the prior calendar year.

16 (c) Each insurance company transacting homeowners  
17 insurance business in the state shall annually submit to the  
18 department, commencing on or before October 1, 2013,  
19 computations of the direct incurred losses, the number of  
20 policies written, and direct earned premiums, by zip code, by  
21 calendar year for the prior calendar year, for each of the  
22 following perils:

23 (1) Fire.

24 (2) Wind/hail.

25 (3) Catastrophe wind/hail per data call by the  
26 department.

1 (4) Other perils.

2 Section 3. The department shall also post on the  
3 department website a general description of the rate-making  
4 methodology that the department allows insurance companies to  
5 use in establishing their homeowners rates.

6 Section 4. Commencing on October 1, 2013, each  
7 insurance company transacting homeowners insurance business in  
8 this state shall provide the information required pursuant to  
9 subsection (a) of Section 2, commencing with the calendar year  
10 2007. Voluntary submissions of the information required by  
11 subsection (a) of Section 2 for calendar years prior to 2007,  
12 may be submitted and shall be compiled and posted by the  
13 department in the same manner. Based upon the submitted  
14 information, the department shall compile aggregate totals,  
15 commencing with 2007, and post those aggregate totals on the  
16 department website pursuant to subsection (b) of Section 2.

17 Section 5. (a) Upon written request of an insurance  
18 company, the commissioner may waive, modify, or extend for an  
19 additional time period, for good cause shown, the reporting  
20 requirements imposed by this act. The request shall  
21 demonstrate good cause for waiving, modifying, or extending  
22 the reporting requirements. Good cause may include, but is not  
23 limited to, the insurance company's limited percentage of the  
24 total homeowners insurance market in this state, or the undue  
25 burden of compiling and reporting the computations and  
26 information required by this act due to the manner, format, or

1 method in which the insurance company has stored the  
2 computations, data, or other information required.

3 (b) Any insurance company granted a 90-day extension  
4 that fails to comply on or before the 90th day shall be fined  
5 two thousand five hundred dollars (\$2,500) per month, by the  
6 department until the date of compliance. Any funds collected  
7 pursuant to this subsection shall be deposited into the State  
8 General Fund.

9 Section 6. Any information reported to the  
10 department by an insurer pursuant to this act is considered a  
11 commercially valuable trade secret under Title 8 of Chapter  
12 27, Code of Alabama 1975, and shall be confidential. However  
13 once the information from all of the insurers is aggregated,  
14 then the department may provide such information in accordance  
15 with this act. The department, absent a court order, shall not  
16 release this confidential information. Notice of at least 10  
17 business days shall be given to the applicable entity if such  
18 information is requested by court order from the department.

19 Section 7. This act shall become effective on the  
20 first day of the third month following its passage and  
21 approval by the Governor, or its otherwise becoming law.