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

This bill would require insurance companies authorized to transact 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 authorized to transact homeowners
7 insurance 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 authorized to
22 transact homeowners insurance business in the State of Alabama
23 shall 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 computations provided in subsection (a) by zip
15 code for the prior calendar year.

16 (c) Each insurance company authorized to transact
17 homeowners insurance business in the state shall annually
18 submit to the department, commencing on or before October 1,
19 2013, computations of the direct incurred losses, the number
20 of policies written, and direct earned premiums, by zip code,
21 by 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 authorized to transact homeowners insurance
8 business in this state shall provide the information required
9 pursuant to subsection (a) of Section 2, commencing with the
10 calendar year 2007. Voluntary submissions of the information
11 required by subsection (a) of Section 2 for calendar years
12 prior to 2007, may be submitted and shall be compiled and
13 posted by the department in the same manner. Based upon the
14 submitted information, the department shall compile aggregate
15 totals, commencing with 2007, and post those aggregate totals
16 on the department website pursuant to subsection (b) of
17 Section 2.

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

1 information required by this act due to the manner, format, or
2 method in which the insurance company has stored the
3 computations, data, or other information required.

4 (b) Any insurance company that fails to timely
5 comply with the reporting requirements imposed by this act
6 shall be given notice by the department of such failure and
7 provided 90 days within which to comply. Any insurance company
8 that fails to comply on or before the 90th day shall be fined
9 two thousand five hundred dollars (\$2,500) per month, by the
10 department until the date of compliance. Any funds collected
11 pursuant to this subsection shall be deposited into the State
12 General Fund.

13 Section 6. Any information reported to the
14 department by an insurer pursuant to this act is considered a
15 commercially valuable trade secret as defined in Section 8-27-
16 2, Code of Alabama 1975, and shall be confidential. However
17 once the information from all of the insurers is aggregated,
18 then the department may provide such information in accordance
19 with this act. The department, absent a court order, shall not
20 release this confidential information. Notice of at least 10
21 business days shall be given to the applicable entity if such
22 information is ordered to be provided by the department.

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