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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~~*in force*, and

1 the 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
10 association insurance, *and commercial insurance* are excluded
11 from this act.

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

17 (c) Each insurance company authorized to transact
18 homeowners insurance business in the state shall annually
19 submit to the department, commencing on or before October 1,
20 ~~2013~~*2014*, computations of the direct incurred losses, *and* the
21 number of policies ~~written~~*in force*, ~~and direct earned~~
22 ~~premiums~~, by zip code, by calendar year for the prior calendar
23 year, for each of the following perils:

24 (1) Fire.

25 (2) *All* Wind/hail.

1 (3) ~~Catastrophe wind/hail per data call by the~~
2 ~~department.~~

3 ~~(4) Other~~ All other perils.

4 (d) Each insurance company authorized to transact
5 homeowners insurance business in the state shall submit to the
6 department catastrophe wind/hail information pursuant to a
7 data call by the department based on a specific catastrophic
8 event.

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

13 Section 4. Commencing on October 1, 2013, ~~each~~
14 ~~insurance company authorized to transact homeowners insurance~~
15 ~~business in this state shall provide the information required~~
16 ~~pursuant to subsection (a) of Section 2, commencing with the~~
17 ~~calendar year 2007.~~ Voluntary submissions of the information
18 required by subsection (a) of Section 2 for calendar years
19 prior to ~~2007~~2012, may be submitted and shall be compiled and
20 posted by the department in the same manner. Based upon the
21 submitted information, the department shall compile aggregate
22 totals, ~~commencing with 2007,~~ and post those aggregate totals
23 on the department website pursuant to subsection (b) of
24 Section 2.

25 Section 5. (a) Upon written request of an insurance
26 company, the commissioner may waive, modify, or extend for an

1 additional time period, for good cause shown, the reporting
2 requirements imposed by this act. The request shall
3 demonstrate good cause for waiving, modifying, or extending
4 the reporting requirements. Good cause may include, but is not
5 limited to, the insurance company's limited percentage of the
6 total homeowners insurance market in this state, or the undue
7 burden of compiling and reporting the computations, *data*, and
8 *other* information required by this act due to the manner,
9 format, or method in which the insurance company has stored
10 the computations, data, or other information required.

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

20 Section 6. Any information reported to the
21 department by an insurer pursuant to this act is considered a
22 commercially valuable trade secret as defined in Section 8-27-
23 2, Code of Alabama 1975, and shall be confidential. However
24 once the information from all of the insurers is aggregated,
25 then the department may provide such information in accordance
26 with this act. The department, absent a court order, shall not

1 release this confidential information. Notice of at least 10
2 business days shall be given to the applicable entity if such
3 information is ordered to be provided by the department.

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