

1 SB454
2 139743-1
3 By Senators Pittman, Brooks and Glover
4 RFD: Banking and Insurance
5 First Read: 22-MAR-12

2
3
4
5
6
7
8 SYNOPSIS: This bill would create the Property
9 Insurance Clarity Act.

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

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

21 This bill would also require the department
22 to post on the department website a comprehensive
23 description of the rate making methodology used by
24 the department for homeowners properties risk and
25 other related data.

26
27 A BILL

1 TO BE ENTITLED

2 AN ACT

3
4 Creating the Property Insurance Clarity Act; to
5 require insurance companies authorized to transact homeowners
6 insurance business in the state to provide policy and premium
7 information to the department; to require the department to
8 provide on the department website aggregate information for
9 homeowners insurance policies, pertaining to the number of
10 policies written, the direct earned premiums, and the direct
11 incurred losses representing the total of every insurance
12 company doing business in the state; to require the department
13 to post on the department website a comprehensive description
14 of the rate making methodology used by the department for
15 homeowners properties risk and other related data; and to
16 provide penalties for insurance company noncompliance.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

20 Section 2. (a) Each insurance company authorized to
21 transact homeowners insurance business in the State of Alabama
22 shall annually submit to the Alabama Department of Insurance,
23 commencing on or before October 1, 2013, for homeowners
24 insurance policies, computations of the total amount of direct
25 incurred losses, the number of policies written, and the
26 direct earned premiums for the prior calendar year. The
27 insurance company shall report the computations to the

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

9 (b) Based upon the information submitted to or
10 otherwise gathered by the department, the department shall
11 compile and post on the department website by January 30, the
12 aggregated total of the data provided in subsection (a) by zip
13 code for the prior calendar year.

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

21 (1) Fire (when available).

22 (2) Wind/hail.

23 (3) Catastrophe wind/hail per data call by the
24 department.

25 (4) Other perils.

26 Section 3. The department shall also post on the
27 department website a general description of the rate-making

1 methodology that the department allows insurance companies to
2 use in establishing their homeowners rates.

3 Section 4. Commencing on October 1, 2013, each
4 insurance company authorized to transact homeowners insurance
5 business in this state shall provide the information required
6 pursuant to subsection (a) of Section 2, commencing with the
7 calendar year 2007. Voluntary submissions of the information
8 required by subsection (a) of Section 2 for calendar years
9 prior to 2007, may be submitted and shall be compiled and
10 posted by the department in the same manner. Based upon the
11 submitted information, the department shall compile aggregate
12 totals, commencing with 2007, and post those aggregate totals
13 on the department website pursuant to subsection (b) of
14 Section 2, by January 30, 2014.

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

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

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

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