

1 SB210
2 140899-2
3 By Senators Pittman, Brooks, Keahey, Figures, Blackwell,
4 Glover, and Marsh
5 RFD: Banking and Insurance
6 First Read: 07-FEB-12

1 SB210

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 Creating the Property Insurance Clarity Act; to
12 require insurance companies authorized to transact homeowners
13 insurance business in the state to provide policy and premium
14 information to the department; to require the department to
15 provide on the department website aggregate information for
16 homeowners insurance policies, pertaining to the number of
17 policies in force and the direct incurred losses representing
18 the total of every insurance company doing business in the
19 state; to require the department to post on the department
20 website a comprehensive description of the actuarial model
21 used by the department for homeowners properties risk and
22 other related data; and to provide penalties for insurance
23 company noncompliance.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

1 Section 2. (a) Each insurance company authorized to
2 transact homeowners insurance business in the State of Alabama
3 shall annually submit to the Alabama Department of Insurance,
4 commencing on or before October 1, 2013, for homeowners
5 insurance policies, computations of the total amount of direct
6 incurred losses, the number of policies in force, and the
7 direct earned premiums for the prior calendar year. The
8 insurance company shall report the computations to the
9 department by zip code. The information received by the
10 department shall be aggregated across all insurance companies
11 collectively and the aggregated totals shall be arranged by
12 zip code. Homeowners insurance shall also include condominium
13 insurance, dwelling fire policies, renters/tenants insurance,
14 and mobile home/manufactured housing property insurance.
15 Creditor-placed property insurance, condominium association
16 insurance, and commercial insurance are excluded from this
17 act.

18 (b) Based upon the information submitted to or
19 otherwise gathered by the department, the department shall
20 compile and post on the department website the aggregated
21 total of the computations provided in subsection (a) by zip
22 code for the prior calendar year.

23 (c) Each insurance company authorized to transact
24 homeowners insurance business in the state shall annually
25 submit to the department, commencing on or before October 1,
26 2013, computations of the direct incurred losses and the

1 number of policies in force, by zip code, by calendar year for
2 the prior calendar year, for each of the following perils:

3 (1) Fire.

4 (2) All wind/hail.

5 (3) All other perils.

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

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

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

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

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

22 (c) The commissioner shall waive or modify the
23 reporting requirements imposed by this act under Section 4 if
24 an insurance company does not store the computations, data, or
25 other information required; must materially upgrade, modify,
26 redevise, or reprogram computer systems to provide the
27 computations, data, or other information; or must

1 significantly divert limited resources to provide the
2 computations, data, or other information.

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

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

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3 Senate

4 Read for the first time and referred to the Senate
5 committee on Banking and Insurance..... 07-FEB-12
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7 Read for the second time and placed on the calen-
8 dar..... 21-FEB-12
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10 Read for the third time and passed as amended 24-APR-12

11 Yeas 30
12 Nays 0

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15 Patrick Harris
16 Secretary
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