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To require the Federal Insurance Office of the Department of the Treasury to conduct a study to identify disparities between communities in auto insurance costs and payout amounts based on the predominant racial makeup of such communities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. Takano introduced the following bill; which was referred to the Committee on __________________________

A BILL

To require the Federal Insurance Office of the Department of the Treasury to conduct a study to identify disparities between communities in auto insurance costs and payout amounts based on the predominant racial makeup of such communities, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE.

3 This Act may be cited as the “Fair Auto Insurance Ratemaking Reporting to Allow a Transparent Evaluation
of Statistics Act of 2017” or the “FAIR RATES Act of 2017”.

SEC. 2. DATA CALL.

(a) IN GENERAL.—Pursuant to the authority under section 313(e) of title 31, United States Code, the Director of the Federal Insurance Office shall collect from covered automobile insurers, aggregated on a census tract level basis based on the place of garaging of the insured vehicle, information for each of the three accident or calendar years, as applicable, most recently completed as of the date of the enactment of this Act, regarding private passenger automobile insurance as the Director considers necessary to prepare the report required under section 3, which shall include the following information for each such year:

(1) COMPANY NAME.—The name of the insurance coverage for the vehicle.

(2) EXPERIENCE YEAR.—The experience year for premiums and exposures.

(3) CENSUS TRACT.—The census tract of the place of garaging of the insured vehicle.

(4) PAID LOSS ADJUSTMENT EXPENSES.—Total paid loss adjustment expenses, reported by accident year.
(5) **INCURRED LOSS ADJUSTMENT EXPENSES.**—Total incurred loss adjustment expenses plus case reserves, reported by accident year.

(6) **COUNT OF CLAIMS RECORDED.**—The number of claims reported for each coverage or type of loss, including claims that included payment and claims that did not include payment.

(7) **COUNT OF CLAIMS CLOSED.**—The number of claims closed for each coverage or type of loss, including claims that were closed that included payment and claims that were closed that did not include payment.

(8) **COVERAGE TYPE.**—The type of coverage provided, including liability, personal injury protection, collision, comprehensive, and uninsured motorist bodily injury.

(9) **PREMIUM WRITTEN.**—Total premium written, reported by coverage type.

(10) **PREMIUM EARNED.**—Total premium earned, reported by coverage type.

(11) **EXPOSURE WRITTEN.**—Total exposures written, reported by coverage type.

(12) **EXPOSURE EARNED.**—Total exposures earned, reported by coverage type.

(b) **METHOD AND TIMING OF COLLECTION.**—
(1) From federal or state agency.—Not later than the expiration of the 6-month period beginning on the date of the enactment of this Act, the Director shall determine whether all of the information required to be collected under subsection (a) can be obtained in the manner provided under the first sentence of section 313(e)(4) of title 31, United States Code, in a timely manner. If the Director determines that all such information is available, and may be obtained by such manner in a timely manner, the Director shall so obtain all such information.

(2) From intermediary.—If the Director determines under paragraph (1) that all of the information required to be collected under subsection (a) cannot be obtained in the manner provided under the first sentence of section 313(e)(4) of title 31, United States Code, and in a timely manner, the Director shall provide that covered automobile insurers shall submit any such information that is not so obtainable through—

(A) an appropriate intermediary, including the National Association of Insurance Commissioners; or
(B) other appropriate intermediaries, including advisory organizations and statistical agents licensed by State insurance regulatory authorities.

(3) FROM COVERED AUTOMOBILE INSURERS.— If the Director has not received all of the information required to be collected under subsection (a) before the expiration of the 12-month period beginning on the date of the enactment of this Act, before the expiration of the 18-month period beginning upon such date of enactment, the Director shall collect from covered automobile insurers, in accordance with the penultimate sentence of section 313(e)(4) of title 31, United States Code, any such information not so received.

SEC. 3. STUDY.

(a) IN GENERAL.—The Director shall conduct a study, using the information collected pursuant to section 2 and any other appropriate information available, to compare private passenger automobile insurance premium costs and claims payment amounts to identify any disparities in such premium costs and claims payment amounts between coverage for automobiles garaged in census tracts and areas having a majority of residents who are racial minorities and coverage for automobiles garaged in census
tracts and areas having a majority of residents who are not racial minorities. Not later than the expiration of the 24-month period beginning on the date of the enactment of this Act, the Director shall submit to the Congress a report containing the analysis, findings, and conclusions of the study under this section.

(b) AVAILABILITY OF INFORMATION.—Upon submitting the report to the Congress pursuant to subsection (a), the Director shall make publicly available all information collected pursuant to section 2 and all other information used in the conducting the study under this section, except that any information made publicly available may not contain any personally identifiable information regarding insureds under private passenger automobile insurance for which such information is collected.

SEC. 4. DEFINITIONS.

For purposes of this Act, the following definitions shall apply:

(1) COVERED AUTOMOBILE INSURER.—The term “covered automobile insurer” means an insurer that—

(A) has a statutory surplus attributable to private passenger automobile insurance coverage, as of December 31, 2016, in an amount that exceeds $500,000,000; and
(B) annually collects more than $500,000,000 in premiums for private passenger automobile insurance coverage.

(2) DIRECTOR.—The term “Director” means the Director of the Federal Insurance Office of the Department of the Treasury.