

[DISCUSSION DRAFT]116TH CONGRESS
2^D SESSION**H. R.** _____

To require the Federal Insurance Office to conduct an annual study of personal private automobile insurance coverage, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Ms. TLAIB introduced the following bill; which was referred to the Committee
on _____

A BILL

To require the Federal Insurance Office to conduct an annual study of personal private automobile insurance coverage, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Fair Auto Insurance
5 Ratemaking Study Act of 2020” or the “FAIR Study Act
6 of 2020”.

1 **SEC. 2. ANNUAL STUDIES OF PERSONAL PRIVATE AUTO-**
2 **MOBILE INSURANCE.**

3 (a) IN GENERAL.—The Director of the Federal In-
4 surance Office of the Department of the Treasury (in this
5 section referred to as the “Director”) shall, on an annual
6 basis, conduct a study under this section to analyze the
7 accessibility to consumers of affordable private passenger
8 automobile insurance coverage and identify disparities be-
9 tween communities in auto insurance costs and payout
10 based on the predominant racial makeup for such commu-
11 nities.

12 (b) OBTAINING INSURER INFORMATION.—Pursuant
13 to the authority under section 313(e) of title 31, United
14 States Code, the Director shall obtain and utilize in each
15 annual study under this section—

16 (1) data from insurers that identifies, for the
17 preceding year—

18 (A) premiums charged and premiums
19 quoted for policyholders and applicants;

20 (B) risk classifications used for under-
21 writing and pricing such insurance, whether in
22 the form of underwriting guidelines, tier place-
23 ment factors, rating factors, or other termi-
24 nology;

1 (C) the sources and uses of insurance and
2 non-insurance data used for risk classification
3 and pricing; and

4 (D) the census tract of the place garaging
5 of the insured vehicle.

6 (2) information and data from third party ven-
7 dors providing pricing assistance algorithms and
8 data to insurers and the insurance industry.

9 (c) OBTAINING OTHER INFORMATION.—The Director
10 shall obtain and utilize in each annual study under this
11 section socioeconomic data from sources other than insur-
12 ers, including data from the Bureau of the Census, Cur-
13 rent Population Survey and American Community Survey
14 appropriate to identify and analyze, for the preceding
15 year—

16 (1) socioeconomic characteristics relating to
17 risk classifications associated with greater or lesser
18 premium charges;

19 (2) zip codes, geographic areas, and commu-
20 nities associated with greater or lesser premium
21 charges;

22 (3) zip codes, geographic areas, and commu-
23 nities having more or fewer choices for standard and
24 preferred private passenger automobile insurance
25 products and premiums;

1 (4) zip codes, geographic areas, and commu-
2 nities in which the sale of non-standard insurance,
3 the use of automobile insurance premium financing,
4 the use of force-placed automobile insurance, the
5 rates of uninsured motorists, and civil and criminal
6 actions for failure to maintain insurance are great-
7 est;

8 (5) zip codes, geographic areas, and commu-
9 nities having greater or lesser insurance numbers of
10 agency locations by type of insurer, including agency
11 representation of standard/preferred as compared to
12 non-standard insurers; and

13 (6) zip codes, geographic areas, and commu-
14 nities in which the offer of and use of telematics and
15 other newer data-driven technologies is greater or
16 lesser.

17 (d) **EVALUATION OF INFORMATION.**—In conducting
18 each annual study under this section, the Director shall
19 evaluate the presence or absence of disparate impact in
20 private passenger automobile insurance pricing, risk clas-
21 sifications, and product offerings based on race, religion,
22 national origin, gender, marital status, sexual orientation,
23 occupation, level of education, consumer credit score, and
24 homeownership status, and shall employ multi-variate sta-
25 tistical analysis to conduct such analysis.

1 (e) LIMITATION.—In conducting each annual study
2 under this section, the Director may not engage in or in-
3 clude in the study any analysis of the reasonableness of
4 premiums charged to claims paid or incurred.

5 (f) ANNUAL REPORTS.—Not later than the expiration
6 of the 6-month period beginning on the date of the enact-
7 ment of this Act, and on an annual basis thereafter, the
8 Director shall submit a report to the Congress describing
9 the study conducted for that year, the analysis conducted
10 under the study, and any conclusions reached pursuant
11 to the study and analysis.

12 (g) AVAILABILITY OF INFORMATION.—Upon submit-
13 ting each annual report to the Congress pursuant to sub-
14 section (h), the Director shall make publicly available all
15 information collected pursuant to this section for such re-
16 port and all other information used in conducting the
17 study under this section for such report, except that any
18 information made publicly available may not contain any
19 personally identifiable information regarding insureds
20 under private passenger automobile insurance for which
21 such information is collected.