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.

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

SECTION 1. SHORT TITLE.

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

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 Study Act of 2020” or the “FAIR Study Act of 2020”.

4

5

6
SEC. 2. ANNUAL STUDIES OF PERSONAL PRIVATE AUTO-
MOBILE INSURANCE.

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

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

(1) data from insurers that identifies, for the
preceeding year—

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

(B) risk classifications used for under-
writing and pricing such insurance, whether in
the form of underwriting guidelines, tier place-
ment factors, rating factors, or other termi-
nology;
(C) the sources and uses of insurance and non-insurance data used for risk classification and pricing; and

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

(2) information and data from third party vendors providing pricing assistance algorithms and data to insurers and the insurance industry.

(e) OBTAINING OTHER INFORMATION.—The Director shall obtain and utilize in each annual study under this section socioeconomic data from sources other than insurers, including data from the Bureau of the Census, Current Population Survey and American Community Survey appropriate to identify and analyze, for the preceding year—

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

(2) zip codes, geographic areas, and communities associated with greater or lesser premium charges;

(3) zip codes, geographic areas, and communities having more or fewer choices for standard and preferred private passenger automobile insurance products and premiums;
(4) zip codes, geographic areas, and communities in which the sale of non-standard insurance, the use of automobile insurance premium financing, the use of force-placed automobile insurance, the rates of uninsured motorists, and civil and criminal actions for failure to maintain insurance are greatest;

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

(6) zip codes, geographic areas, and communities in which the offer of and use of telematics and other newer data-driven technologies is greater or lesser.

(d) EVALUATION OF INFORMATION.—In conducting each annual study under this section, the Director shall evaluate the presence or absence of disparate impact in private passenger automobile insurance pricing, risk classifications, and product offerings based on race, religion, national origin, gender, marital status, sexual orientation, occupation, level of education, consumer credit score, and homeownership status, and shall employ multi-variate statistical analysis to conduct such analysis.
(e) LIMITATION.—In conducting each annual study under this section, the Director may not engage in or include in the study any analysis of the reasonableness of premiums charged to claims paid or incurred.

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

(g) AVAILABILITY OF INFORMATION.—Upon submitting each annual report to the Congress pursuant to subsection (h), the Director shall make publicly available all information collected pursuant to this section for such report and all other information used in conducting the study under this section for such report, 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.