

115TH CONGRESS  
2D SESSION

# H. R. 4885

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.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 25, 2018

Mr. TAKANO (for himself, Mr. GONZALEZ of Texas, Ms. ROYBAL-ALLARD, Ms. NORTON, Ms. BASS, Ms. JACKSON LEE, and Mrs. WATSON COLEMAN) introduced the following bill; which was referred to the Committee on Financial Services

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## 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 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 Reporting to Allow a Transparent Evaluation

1 of Statistics Act of 2018” or the “FAIR RATES Act of  
2 2018”.

3 **SEC. 2. DATA CALL.**

4 (a) IN GENERAL.—Pursuant to the authority under  
5 section 313(e) of title 31, United States Code, the Direc-  
6 tor of the Federal Insurance Office shall collect from cov-  
7 ered automobile insurers, aggregated on a census tract  
8 level basis based on the place of garaging of the insured  
9 vehicle, information for each of the three accident or cal-  
10 endar years, as applicable, most recently completed as of  
11 the date of the enactment of this Act, regarding private  
12 passenger automobile insurance as the Director considers  
13 necessary to prepare the report required under section 3,  
14 which shall include the following information for each such  
15 year:

16 (1) COMPANY NAME.—The name of the insur-  
17 ance coverage for the vehicle.

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

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

22 (4) PAID LOSS ADJUSTMENT EXPENSES.—Total  
23 paid loss adjustment expenses, reported by accident  
24 year.

1           (5) INCURRED LOSS ADJUSTMENT EXPENSES.—  
2           Total incurred loss adjustment expenses plus case  
3           reserves, reported by accident year.

4           (6) COUNT OF CLAIMS RECORDED.—The num-  
5           ber of claims reported for each coverage or type of  
6           loss, including claims that included payment and  
7           claims that did not include payment.

8           (7) COUNT OF CLAIMS CLOSED.—The number  
9           of claims closed for each coverage or type of loss, in-  
10          cluding claims that were closed that included pay-  
11          ment and claims that were closed that did not in-  
12          clude payment.

13          (8) COVERAGE TYPE.—The type of coverage  
14          provided, including liability, personal injury protec-  
15          tion, collision, comprehensive, and uninsured motor-  
16          ist bodily injury.

17          (9) PREMIUM WRITTEN.—Total premium writ-  
18          ten, reported by coverage type.

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

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

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

25          (b) METHOD AND TIMING OF COLLECTION.—

1           (1) FROM FEDERAL OR STATE AGENCY.—Not  
2 later than the expiration of the 6-month period be-  
3 ginning on the date of the enactment of this Act, the  
4 Director shall determine whether all of the informa-  
5 tion required to be collected under subsection (a)  
6 can be obtained in the manner provided under the  
7 first sentence of section 313(e)(4) of title 31, United  
8 States Code, in a timely manner. If the Director de-  
9 termines that all such information is available, and  
10 may be obtained by such manner in a timely man-  
11 ner, the Director shall so obtain all such informa-  
12 tion.

13           (2) FROM INTERMEDIARY.—If the Director de-  
14 termines under paragraph (1) that all of the infor-  
15 mation required to be collected under subsection (a)  
16 cannot be obtained in the manner provided under  
17 the first sentence of section 313(e)(4) of title 31,  
18 United States Code, and in a timely manner, the Di-  
19 rector shall provide that covered automobile insurers  
20 shall submit any such information that is not so ob-  
21 tainable through—

22                   (A) an appropriate intermediary, including  
23                   the National Association of Insurance Commis-  
24                   sioners; or

1 (B) other appropriate intermediaries, in-  
2 cluding advisory organizations and statistical  
3 agents licensed by State insurance regulatory  
4 authorities.

5 (3) FROM COVERED AUTOMOBILE INSURERS.—

6 If the Director has not received all of the informa-  
7 tion required to be collected under subsection (a) be-  
8 fore the expiration of the 12-month period beginning  
9 on the date of the enactment of this Act, before the  
10 expiration of the 18-month period beginning upon  
11 such date of enactment, the Director shall collect  
12 from covered automobile insurers, in accordance  
13 with the penultimate sentence of section 313(e)(4) of  
14 title 31, United States Code, any such information  
15 not so received.

16 **SEC. 3. STUDY.**

17 (a) IN GENERAL.—The Director shall conduct a  
18 study, using the information collected pursuant to section  
19 2 and any other appropriate information available, to com-  
20 pare private passenger automobile insurance premium  
21 costs and claims payment amounts to identify any dispari-  
22 ties in such premium costs and claims payment amounts  
23 between coverage for automobiles garaged in census tracts  
24 and areas having a majority of residents who are racial  
25 minorities and coverage for automobiles garaged in census

1 tracts and areas having a majority of residents who are  
2 not racial minorities. Not later than the expiration of the  
3 24-month period beginning on the date of the enactment  
4 of this Act, the Director shall submit to the Congress a  
5 report containing the analysis, findings, and conclusions  
6 of the study under this section.

7 (b) AVAILABILITY OF INFORMATION.—Upon submit-  
8 ting the report to the Congress pursuant to subsection (a),  
9 the Director shall make publicly available all information  
10 collected pursuant to section 2 and all other information  
11 used in the conducting the study under this section, except  
12 that any information made publicly available may not con-  
13 tain any personally identifiable information regarding in-  
14 sureds under private passenger automobile insurance for  
15 which such information is collected.

16 **SEC. 4. DEFINITIONS.**

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

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

22 (A) has a statutory surplus attributable to  
23 private passenger automobile insurance cov-  
24 erage, as of December 31, 2016, in an amount  
25 that exceeds \$500,000,000; and

1           (B) annually collects more than  
2           \$500,000,000 in premiums for private pas-  
3           senger automobile insurance coverage.

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

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