

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

To require the Government Accountability Office to conduct biennial studies 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 Government Accountability Office to conduct biennial studies 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 “Prevent Auto Insur-
5 ance Discrimination Study Act of 2020” or the “PAID
6 Study Act of 2020”.

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

3 (a) BIENNIAL STUDIES.—The Comptroller General
4 of the United States (in this section referred to as the
5 “Comptroller General”) shall, not later than the expiration
6 of the 2-year period beginning on the date of the enact-
7 ment of this Act and not less often than every 2 years
8 thereafter, conduct a study under this section that—

9 (1) identifies non-driving related underwriting
10 factors used by private passenger automobile insur-
11 ers and the extent to which each such underwriting
12 factor impacts the final rate for an insured and an
13 insured’s placement in an insurer’s various compa-
14 nies and rating tiers;

15 (2) identifies existing controls and current auto-
16 mobile insurer practices to prevent discriminatory
17 pricing of automobile insurance coverage, including
18 any controls to identify and prevent discrimination
19 through the use of pricing algorithms;

20 (3) evaluates the presence or absence of dis-
21 parate impact in private passenger automobile insur-
22 ance premiums, risk classifications, and an insurer’s
23 company or tier placement based on non-driving re-
24 lated factors, including examining how such pre-
25 miums are impacted by factors such as zip code,
26 race, religion, national origin, sexual orientation, ge-

1 ographic area, gender, marital status, occupation,
2 occupation status, level of education, consumer cred-
3 it score and history, and homeownership status;

4 (4) assesses the extent to which States consist-
5 ently determine what is unfairly discriminatory in
6 private passenger automobile insurance pricing, risk
7 classifications, and product offerings and what
8 standards are used by State insurance regulators to
9 make such a determination for oversight and en-
10 forcement purposes;

11 (5) determines the manner and frequency with
12 which State insurance regulators identify question-
13 able underwriting and rating practices in the provi-
14 sion of private passenger automobile insurance cov-
15 erage and take actions to address findings of non-
16 compliance with State law and ensure that rates are
17 not excessive, inadequate, or unfairly discriminatory,
18 including analyzing any problems and deficiencies
19 identified among State insurance regulators.

20 (b) PRELIMINARY ANALYSIS.—Not later than the ex-
21 piration of the 12-month period beginning on the date of
22 the enactment of this Act, the Comptroller General shall
23 submit to the Congress preliminary analysis based on the
24 study conducted pursuant to subsection (a) that, for pri-
25 vate passenger automobile insurance—

1 (1) compares premium rates for such coverage
2 for similar drivers with different non-driving charac-
3 teristics described in subsection (a)(3) and other
4 such characteristics as the Comptroller General con-
5 siders appropriate;

6 (2) evaluates the use of data related to non-
7 driving characteristics in underwriting and pricing
8 assistance and premium calculations; and

9 (3) determines the extent to which any of the
10 research indicates a disparate impact on protected
11 classes of people resulting from the use of non-driv-
12 ing rating and underwriting factors.

13 (c) OBTAINING INSURER INFORMATION.—

14 (1) IN GENERAL.—The Comptroller General
15 shall obtain and utilize in each study under this sec-
16 tion—

17 (A) data from insurers that identifies, for
18 the preceding year—

19 (i) premiums charged and premiums
20 quoted for policyholders and applicants;

21 (ii) base rates, other rating factors,
22 and risk classifications used for under-
23 writing and pricing such insurance, wheth-
24 er in the form of underwriting guidelines,

1 tier placement factors, rating factors, or
2 other terminology;

3 (iii) the sources and uses of insurance
4 and non-insurance data used for risk clas-
5 sification and pricing;

6 (iv) the census tract of the place ga-
7 raging of the insured vehicle; and

8 (v) insurer rating algorithms and non-
9 standard data used by the insurers; and

10 (B) information and data from third party
11 vendors providing pricing assistance algorithms
12 and data to insurers and the insurance indus-
13 try.

14 (2) **AUTHORITY; LIMITATIONS.**—In the collec-
15 tion of data and information pursuant to paragraph
16 (1)—

17 (A) the provisions of section 313(e) of title
18 31, United States Code, that are applicable to
19 the Director of the Federal Insurance Office of
20 the Department of the Treasury, to the Federal
21 Insurance Office, and to data and information
22 collected pursuant to such section shall apply to
23 the Comptroller General, the Government Ac-
24 countability Office, and to data and information

1 collected pursuant to paragraph (1) of this sub-
2 section, respectively; and

3 (B) any Federal agency, State insurance
4 regulator or regulatory agency, other publicly
5 available source, insurer, or third party vendor
6 from which data and information is requested
7 shall provide such data and information to the
8 Comptroller General not later than the expira-
9 tion of the 90-day period that begins upon re-
10 ceipt of such request.

11 (3) DISCRETION.—Paragraph (1) may not be
12 construed to require the Comptroller General collect
13 information and data described in such paragraph in
14 comprehensive manner and the Comptroller General
15 may, in the sole discretion of the Comptroller Gen-
16 eral collect as much information as the Comptroller
17 General considers necessary to obtain an accurate
18 sample with respect to insurers or areas that is suf-
19 ficient to comply with the requirements of subsection
20 (a).

21 (d) OBTAINING OTHER INFORMATION.—The Comp-
22 troller General shall obtain and utilize in each study under
23 this section socioeconomic data from sources other than
24 insurers, including data from the Bureau of the Census,
25 Current Population Survey and American Community

1 Survey, and data from any reviews of automobile insur-
2 ance premiums and rates conducted by State insurance
3 regulator or regulatory agency, appropriate to identify and
4 analyze, for the preceding year—

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

8 (2) zip codes, geographic areas, and commu-
9 nities associated with greater or lesser premium
10 charges;

11 (3) zip codes, geographic areas, and commu-
12 nities having more or fewer choices for standard and
13 preferred private passenger automobile insurance
14 products and premiums;

15 (4) zip codes, geographic areas, and commu-
16 nities in which the sale of non-standard insurance,
17 the use of automobile insurance premium financing,
18 the use of non-voluntary automobile insurance, the
19 rates of uninsured motorists, and civil and criminal
20 actions for failure to maintain insurance are great-
21 est;

22 (5) zip codes, geographic areas, and commu-
23 nities having greater or fewer insurance producer lo-
24 cations that provide standard/preferred options as
25 compared to non-standard options; and

1 (6) zip codes, geographic areas, and commu-
2 nities in which the offer of and use of telematics and
3 other newer data-driven technologies is greater or
4 lesser.

5 (e) EVALUATION OF INFORMATION.—In conducting
6 each study under this section, the Comptroller General
7 shall evaluate the presence or absence of disparate impact
8 in private passenger automobile insurance pricing, risk
9 classifications, and product offerings based on race, reli-
10 gion, national origin, gender, marital status, sexual ori-
11 entation, occupation, occupation status, level of education,
12 consumer credit score, and homeownership status, and
13 shall employ multi-variate statistical analysis to conduct
14 such analysis.

15 (f) LIMITATION.—In conducting each study under
16 this section, the Comptroller General may not engage in
17 or include in the study any analysis of the reasonableness
18 of premiums charged to claims paid or incurred.

19 (g) BIENNIAL REPORTS.—For each study required to
20 be conducted pursuant to subsection (a), the Comptroller
21 General shall submit a report to the Congress describing
22 the study conducted, the analysis conducted under the
23 study, and any conclusions reached pursuant to the study
24 and analysis. The report for each such study shall be sub-

1 mitted not later than the deadline under subsection (a)
2 for completion of the study.

3 (h) AVAILABILITY OF INFORMATION.—Upon submit-
4 ting each report to the Congress pursuant to subsection
5 (g), the Comptroller General shall make publicly available
6 all information collected pursuant to this section for such
7 report and other information used in conducting the study
8 under this section for such report, except that any infor-
9 mation made publicly available may not contain any per-
10 sonally identifiable information, nor any information that
11 could identify individual insureds or applicants, under pri-
12 vate passenger automobile insurance for which such infor-
13 mation is collected.

14 (i) CONSIDERATIONS IN APPROVING PREMIUM
15 RATES.—Each State insurance regulatory officer or agen-
16 cy shall take into consideration the reports submitted pur-
17 suant to subsection (a) in establishing and approving pre-
18 mium rates for private passenger automobile insurance
19 coverage.