

HOUSE BILL NO. 67

IN THE LEGISLATURE OF THE STATE OF ALASKA

NINETEENTH LEGISLATURE - FIRST SESSION

BY REPRESENTATIVE B.DAVIS

Introduced: 1/16/95

Referred: Labor and Commerce, State Affairs, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to the practice of insurance redlining and to reports by**
2 **insurers."**

3 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

4 * **Section 1. PURPOSE.** The purpose of this act is to enact a comprehensive antiredlining
5 law with respect to automobile, fire, homeowner's, commercial, and mortgage guarantee
6 insurance. It is also the purpose of this act that by discouraging redlining, the insurance
7 needs of inner city and low income communities of the state will be met.

8 * **Sec. 2.** AS 21.36 is amended by adding a new section to read:

9 Sec. 21.36.093. **INSURANCE REDLINING.** (a) A property, casualty, or
10 surety insurer shall annually submit a disclosure report to the director containing the
11 following:

12 (1) for each zip code in the state, the

13 (A) number and total earned premiums of its policies in force,
14 policies renewed, new policies written, policies cancelled, and policies not

1 renewed;

2 (B) number of its agents, claims adjusters, and other employees
3 working;

4 (C) number of its offices maintained;

5 (D) number of its agents and claims adjusters capable of
6 discussing insurance policies and claims in a language other than English, listed
7 by the language spoken;

8 (E) the race or national origin, and sex of the insurer's
9 employees;

10 (2) the total dollar amount of contracts awarded by the insurer to
11 businesses in the state and the total dollar amount of contracts awarded by the insurer
12 to minority owned businesses with the state;

13 (3) a description of each program, including purpose, material terms,
14 dollars committed, dollars spent, and manager responsible, designed to market
15 insurance in the state to minority communities, inner city communities, or low income
16 communities;

17 (4) the race or national origin, and sex, of each member of the insurer's
18 board of directors, its officers, its management advisory groups, and its top 25
19 executives, determined by gross total compensation received, including benefits, stock
20 options, deferred compensation, and similar remunerations;

21 (5) the total dollar amount of charitable contributions donated by the
22 insurer to organizations in the state primarily serving low income, minority, or inner
23 city persons, and the name and address of each organization and the amount donated;

24 (6) the total money that the insurer spent on advertising in low income
25 communities in the state, and the total money that the insurer allocated for advertising
26 to African-Americans, Latinos, Asians, Alaska Natives, and inner city residents;

27 (7) the name, title, and address of the person with primary
28 responsibility for ensuring that the insurer does not redline against or otherwise
29 discriminate against minority communities and inner city communities, and the specific
30 budget amount allocated to that person for this particular purpose.

31 (b) The disclosure report required by (a) of this section shall be transmitted

1 to the director with a written verification, signed by the insurer's chief executive
2 officer, attesting that the information contained in the report is true and correct.

3 (c) The director shall apportion the insurers writing each coverage into three
4 groups consisting of the top, middle, and bottom insurers within each coverage ranked
5 by direct written premium within the line of insurance. Annually, the director shall
6 select at random at least two insurers from each group and audit the disclosure reports
7 required under (a) of this section.

8 (d) An insurer that fails to file a verified disclosure report, or that wilfully
9 falsifies material information in its report, is subject to a penalty as provided under
10 AS 21.90.020.

11 (e) The director shall issue and distribute annually to the legislature, the
12 governor, the mayors of cities, and the public a redlining insurance report. The
13 redlining insurance report required in this subsection must list those zip codes in the
14 state that the director finds to be underserved by the insurance industry, list for each
15 coverage of each insurer the grade specified under (f) of this section, and include a
16 narrative report of efforts by the director to end insurance redlining.

17 (f) The director shall develop a grading system for each coverage, taking into
18 account all information listed in this section. Using this grading system, the director
19 shall assign a grade to each insurer for each coverage. An insurer shall disclose to a
20 person immediately upon request the grade assigned by the director under this
21 subsection, and shall plainly and prominently disclose this grade to all policyholders
22 in each billing statement, and to the public in each annual report.

23 (g) The director shall develop, for each coverage, a redlining fine to be paid
24 by those insurers in the bottom quartile of the grading system established under (f) of
25 this section. This fine shall cover all administrative or operational costs of this
26 section. An insurer shall pay the fine to the director within 30 days. An insurer
27 obligated to pay a redlining fine may not directly or indirectly charge to its
28 policyholders an expense associated with complying with this section or a fine imposed
29 under this section.

30 (h) The director shall award reasonable fees and expenses to a person who
31 demonstrates that the person represents the interests of consumers, and that the person

1 has made a substantial contribution as a whole to the adoption of an order, regulation,
2 or decision by the director. Reasonable fees shall be at the prevailing market billing
3 rate of comparable private attorneys in the community, current at the time of
4 application, and a multiplier shall be awarded when justified. The award must include
5 fees and expenses anticipated or paid in the proceeding and fees and expenses incurred
6 in any judicial proceeding.

7 (i) If an insurer or another party opposes an application for reasonable fees and
8 expenses, the insurer or party shall file with its opposition a declaration setting out all
9 fees and costs anticipated or paid in the proceeding by the insurer or party, and the
10 hourly rate of each attorney and expert. In the event that the insurer or party fails to
11 include this declaration, the director shall disregard the opposition.