
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1683 Session of
1995

INTRODUCED BY RICHARDSON, BELFANTI, KUKOVICH, MANDERINO,
ROBINSON, PRESTON, YOUNGBLOOD, STURLA AND RAMOS, MAY 24, 1995

REFERRED TO COMMITTEE ON INSURANCE, MAY 24, 1995

AN ACT

1 Providing for additional powers and duties of the Insurance
2 Department in combating the practice of redlining by
3 insurers; requiring certain reports from insurers; and
4 providing for enforcement and civil penalties.

5 The General Assembly finds and declares as follows:

6 (1) In 1969, President Johnson's National Advisory Panel
7 on Insurance in Riot-Affected Areas concluded that
8 deterioration of inner-city areas was in large measure the
9 result of the unavailability of insurance or insurance
10 redlining. In communities of color, inner-city communities
11 and low-income communities, even basic insurance for homes,
12 small businesses and automobiles continues to be much more
13 difficult to obtain than in other areas of this Commonwealth.

14 (2) The difficulty which members of these communities
15 experience in obtaining insurance is the result of practices
16 among many insurers of ignoring the communities' insurance
17 needs, refusing to write coverage in the communities,
18 discouraging their sales personnel from serving the
19 communities, withholding and canceling agency appointments in

1 the communities and failing to employ members of the
2 communities in upper management positions.

3 (3) Insurance redlining has severely affected minority,
4 low-income and inner-city residents. It has impaired and
5 continues to impair economic development of these
6 communities, has contributed significantly to the problem of
7 uninsured motorists and other uninsured risks and has
8 deprived the insurance industry of the understanding of those
9 communities essential to meeting their insurance needs and to
10 serving all residents equally.

11 (4) Insurance redlining also continues to severely harm
12 the economic and social health of this Commonwealth.
13 Insurance redlining denies communities of color the resources
14 necessary to make the needed contribution to the
15 Commonwealth's wage and tax base.

16 (5) The withholding of insurance, insurance services,
17 agency appointments and employment from members of
18 underserved communities, including minority, low-income and
19 inner-city communities, violates the intent embodied in
20 Federal and State antidiscrimination laws.

21 The General Assembly of the Commonwealth of Pennsylvania
22 hereby enacts as follows:

23 Section 1. Short title.

24 This act shall be known and may be cited as the Antiredlining
25 Law.

26 Section 2. Definitions.

27 The following words and phrases when used in this act shall
28 have the meanings given to them in this section unless the
29 context clearly indicates otherwise:

30 "Department." The Insurance Department of the Commonwealth.

1 Section 3. Application of act.

2 This act applies to private passenger automobile liability,
3 private passenger automobile physical damage; fire insurance;
4 home owners multiple peril, commercial multiple peril,
5 commercial, automobile liability, commercial automobile physical
6 damage and mortgage guarantee insurance.

7 Section 4. Report to department.

8 (a) Content.--Every insurer shall annually submit a report
9 to the department containing the following information:

10 (1) The number and total earned premiums of its policies
11 in force, policies renewed, new policies written, policies
12 canceled and policies not renewed in each zip code.

13 (2) The number of its agents, claims adjusters and
14 employees working in each zip code.

15 (3) The number of its offices maintained in each zip
16 code.

17 (4) The number of its agents and claims adjusters
18 capable of discussing insurance policies and claims in a
19 language other than English, listed by language spoken in
20 each zip code.

21 (5) The race or national origin and gender of the
22 insurer's employees working in each zip code, by job
23 category.

24 (6) The total dollar amount of contracts awarded by the
25 insurer to businesses within this Commonwealth and the total
26 dollar amount of contracts awarded by the insurer to
27 minority-owned businesses within this Commonwealth.

28 (7) A description of each program, including purpose,
29 material terms, dollars committed, dollars spent and manager
30 responsible, specially designed to market insurance within

1 this Commonwealth, communities of color, inner-city
2 communities and low-income communities.

3 (8) The race or national origin and gender of each
4 member of the insurer's board of directors, its officers, its
5 management advisory groups and its top 25 executives
6 determined by gross total compensation received, including
7 benefits, stock options, deferred compensation and similar
8 remunerations.

9 (9) The total dollar amount of charitable contributions
10 donated by the insurer to organizations within this
11 Commonwealth primarily serving low-income, minority or inner-
12 city persons and the name and address of each organization
13 and the amount donated.

14 (10) The total moneys which the insurer spent on
15 advertising and the languages in which the insurer advertised
16 within this Commonwealth, the total moneys which the insurer
17 allocated for advertising to African-Americans, Latinos,
18 Asians and to inner-city residents.

19 (11) The name, title and address of the person or
20 persons with primary responsibility for ensuring that the
21 insurer does not redline against or otherwise discriminate
22 against communities of color and inner-city communities and
23 the specific budget amount allocated to that person or
24 persons for this particular purpose.

25 (b) Greenlining certification.--The disclosure report
26 required by subsection (a) shall be transmitted with a
27 greenlining certification statement which shall include a
28 written verification signed by the insurer's chief executive
29 officer attesting that the information contained therein is true
30 and correct. The disclosure reports required by subsection (a)

1 may be known as greenlining reports.

2 Section 5. Audit.

3 Annually the department shall select at random and perform a
4 complete and independent audit of the disclosure reports. The
5 department shall apportion the insurers writing each coverage
6 into three clusters, with one cluster comprising the top ten
7 insurers within each coverage ranked by direct written premium
8 within the line of insurance and shall select at random at least
9 two insurers from each cluster.

10 Section 6. Report to State and local governments.

11 The department shall issue and distribute annually to the
12 Governor, the General Assembly, the mayors of cities and the
13 public an insurance report which includes the information
14 specified in this section. The insurance report shall list those
15 zip codes within other states and the city and county within
16 which they lie that the department finds to be underserved by
17 the insurance industry. The insurance report shall also list for
18 each coverage of each insurer:

19 (1) The insurer's grade determined under section 7.

20 (2) The information required by section 4(a).

21 The insurance greenlining report shall include a narrative
22 report of efforts by the department to end insurance redlining.

23 Section 7. Grading system.

24 (a) General rule.--Within 180 days of the effective date of
25 this act, the department shall develop a grading system for each
26 coverage, taking into account all information listed in this
27 act.

28 (b) Disclosure.--Every insurer shall disclose to any person
29 immediately upon request the grade assigned by the department
30 pursuant to this section, shall plainly and prominently disclose

1 this grade to all policyholders in each billing statement and
2 shall plainly and prominently disclose this grade to the public
3 in each annual report.

4 (c) Public notice.--Each insurer may publicize its grade in
5 each applicable year.

6 (d) Penalty.--Within 180 days of the effective date of this
7 act, the department shall develop for each coverage a redlining
8 penalty to be paid by those insurers in the bottom quartile.
9 This civil penalty shall cover all administrative or operational
10 costs arising from this act. Each such insurer shall pay that
11 penalty to the department within 30 days.

12 (e) No charge to policyholders.--No insurer obligated to pay
13 a redlining penalty shall directly or indirectly charge to its
14 policyholders any expense associated with complying with this
15 act or any penalty imposed pursuant to this section.

16 (f) Construction.--A rate does not become excessive,
17 inadequate or unfairly discriminatory by virtue of any provision
18 of this act.

19 (g) Economic incentives.--The department continues to have
20 the power to establish a system of economic incentives operating
21 through the marketplace to end insurance redlining in
22 communities of color, inner-city communities and low-income
23 communities.

24 Section 8. Evidence.

25 The department and any other party in any proceeding
26 permitted or established pursuant to this act may introduce any
27 of the evidence collected or provided pursuant to this act in
28 determining whether an insurer's rates in effect or rates
29 proposed are unfairly discriminatory or otherwise in violation
30 of this act.

1 Section 9. Public inspection.

2 All information provided to the department under this act
3 shall be available for public inspection.

4 Section 10. Enforcement.

5 (a) General rule.--The department or any person may initiate
6 or intervene in any proceeding permitted or established pursuant
7 to this act, and the department shall enforce any provision of
8 this act in a court of law or in an administrative proceeding
9 held under 2 Pa.C.S. (relating to administrative law and
10 procedure).

11 (b) Award of fees.--

12 (1) The court or the department shall award reasonable
13 advocacy and witness fees and expenses to any person who
14 demonstrates that the person represents the interests of
15 consumers and that the person has made a substantial
16 contribution as a whole to the adoption of any order,
17 regulation or decision by the department or a court.
18 Reasonable advocacy and witness fees shall be at the
19 prevailing market billing rate of comparable private
20 attorneys in the community, current at the time of
21 application, and a multiplier shall be awarded where
22 justified. The award shall include fees and expenses
23 anticipated or paid in the proceeding and fees and expenses
24 incurred in any judicial proceeding.

25 (2) Whenever an insurer or any other party opposes an
26 application for reasonable advocacy and witness fees and
27 expenses, the insurer or party shall file with its opposition
28 a declaration setting forth all fees and costs anticipated or
29 paid in the proceeding and the hourly rate of each attorney
30 and expert. In the event that the insurer or party fails to

1 include this declaration, the department shall not file and
2 shall disregard the opposition.

3 (c) Awards.--The department shall pay any awards of
4 compensation from funds assessed.

5 Section 11. Civil penalties.

6 Any insurer which fails to file an annual greenlining
7 certification statement and greenlining report or which
8 willfully falsifies any material information in its greenlining
9 report or otherwise violates any provision of this act shall be
10 liable for a civil penalty not to exceed \$5,000. Where the
11 insurer fails to timely file its greenlining certification
12 statement and greenlining report, the department shall not
13 impose any additional redlining penalty if the insurer
14 demonstrates good cause for an extension of time to the
15 satisfaction of the department.

16 Section 12. Rules and regulations.

17 The department shall have the power to promulgate rules and
18 regulations to implement this act.

19 Section 13. Remedies cumulative.

20 The remedies in this act are in addition to any other remedy
21 available to the department or to any other person.

22 Section 14. Effective date.

23 This act shall take effect in 60 days.