

Senate Bill 585

By: Senators Parkes of the 7th, Orrock of the 36th, Jones II of the 22nd, Wicks of the 34th,
Merritt of the 9th and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Chapter 9 of Title 33 of the Official Code of Georgia Annotated, relating to
2 regulation of rates, underwriting rules, and related organizations, so as to require certain
3 disclosures in property and casualty insurance rate filings concerning climate related risk,
4 catastrophe modeling, and reinsurance costs; to require property and casualty insurance
5 companies to submit certain information to the Department; to require such department to
6 create a database; to require the Commissioner to provide a reduction in certain rates; to
7 provide for public reporting; to provide for enforcement; to provide for rules and regulations;
8 to provide for definitions; to provide for legislative findings and purpose; to provide for
9 related matters; to provide for an effective date and applicability; to repeal conflicting laws;
10 and for other purposes.

11 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

12 **SECTION 1.**

13 Chapter 9 of Title 33 of the Official Code of Georgia Annotated, relating to regulation of
14 rates, underwriting rules, and related organizations, is amended by adding new Code sections
15 to read as follows:

S. B. 585

- 1 -

16 "33-9-45.

17 (a)(1) The General Assembly finds and declares that the purpose of this Code section is
18 to improve transparency, ensure actuarial support, and ensure mitigation and resilience
19 investments are appropriately reflected in underwriting and pricing to improve
20 availability and affordability.

21 (2) Nothing in this Code section is intended to prohibit the consideration of bona fide,
22 actuarially supported climate risk or catastrophe risk.

23 (b) As used in this Code section, the term:

24 (1) 'Catastrophe model' means a tool, instrumentality, means, or product, including a map
25 based tool, a computer based tool, or a simulation, that is used by an insurer to estimate
26 potential losses from catastrophic events.

27 (2) 'Community level mitigation action' means a science based mitigation action as
28 demonstrated by a community or neighborhood level designation or certification or as
29 undertaken by a government entity.

30 (3) 'Natural disaster' means the occurrence or imminent threat of widespread catastrophic
31 or severe damage, injury, or loss of life or property resulting from any natural cause,
32 including, but not limited to, fire, flood, earthquake, hurricane, tornado, high water,
33 landslide, mudslide, wind, storm, wave action, ice storm, air contamination, blight,
34 drought, infestation, explosion, water contamination, bridge failure, or bridge collapse.

35 (4) 'Natural disaster risk model' means a tool, instrumentality, means, or product,
36 including a map based tool, a computer based tool, or a simulation, that is used by an
37 insurer, in whole or in part, to measure or assess the natural disaster risk associated with
38 a residential property or community for purposes of rating, classifying, pricing, or
39 underwriting, including, but not limited to, writing or renewing insurance, based on
40 natural disaster risk or estimating risks or losses corresponding to the natural disaster risk
41 classifications.

42 (5) 'Property specific mitigation action' means a science based mitigation action that
43 includes a verification and certification process.

44 (c) No later than January 30, 2027, and annually thereafter, every property and casualty
45 insurance company doing business in this state shall submit the following information to
46 the department:

47 (1) ZIP Code level data on the following topics:

48 (A) Nonrenewal rates;

49 (B) Nonpayment cancellation rates;

50 (C) Other cancellation rates;

51 (D) Claim frequency rates;

52 (E) Average claim amounts;

53 (F) Paid loss ratios; and

54 (G) Average premiums;

55 (2) Market share data; and

56 (3)(A) If utilized, the natural disaster risk model or catastrophe model or scoring
57 method used to assign risk.

58 (B) The following information about a natural disaster risk model or catastrophe model
59 or scoring method shall be submitted:

60 (i) A description of such model or method;

61 (ii) The impact of such model or method on rates;

62 (iii) An actuarial justification for all rating factors, including mitigation discounts
63 offered; and

64 (iv) An explanation of the use of the model or method in underwriting decisions.

65 (C) Any model or method submitted to the department pursuant to this paragraph shall
66 be treated as a trade secret and shall not be subject to disclosure.

67 (D) Any property or casualty insurance company that uses a natural disaster risk
68 model, a catastrophe model, or a combination of models shall ensure the following

69 factors are either incorporated in the natural disaster risk model, catastrophe model, or
70 combination of models or are otherwise demonstrably included in such property and
71 casualty insurance company's underwriting and pricing:

72 (i) Property specific mitigation actions such as establishing defensible space,
73 incorporating building hardening measures, or receiving certification from an entity
74 with experience in mitigation of properties against natural disasters; and

75 (ii) Community level mitigation activities or designations, including forest treatment
76 and other fuel reduction activities.

77 (E) Any property and casualty insurance company that uses a natural disaster risk model
78 or a catastrophe model or scoring method to assign risk shall also include the information
79 required in subparagraph (A) of this paragraph in any rate filing submitted to the
80 superintendent by such property and casualty insurance company.

81 (d) The department shall create and maintain a public facing database where policy holders
82 can access the market share data submitted by property and casualty insurance companies
83 pursuant to paragraph (2) of subsection (c) of this Code section.

84 33-9-46.

85 (a) As used in this Code section, the term:

86 (1) 'Community level mitigation action' means a science based mitigation action as
87 demonstrated by a community or neighborhood level designation or certification or as
88 undertaken by a government entity.

89 (2) 'Natural disaster' means the occurrence or imminent threat of widespread catastrophic
90 or severe damage, injury, or loss of life or property resulting from any natural cause,
91 including, but not limited to, fire, flood, earthquake, hurricane, tornado, high water,
92 landslide, mudslide, wind, storm, wave action, ice storm, air contamination, blight,
93 drought, infestation, explosion, water contamination, bridge failure, or bridge collapse.

94 (3) 'Natural disaster risk model' means a tool, instrumentality, means, or product,
95 including a map based tool, a computer based tool, or a simulation, that is used by an
96 insurer, in whole or in part, to measure or assess the natural disaster risk associated with
97 a residential property or community for purposes of rating, classifying, pricing, or
98 underwriting, including, but not limited to, writing or renewing insurance, based on
99 natural disaster risk or estimating risks or losses corresponding to the natural disaster risk
100 classifications.

101 (4) 'Property specific mitigation action' means a science based mitigation action that
102 includes a verification and certification process.

103 (b) The Commissioner shall provide for an actuarially appropriate reduction in the rates
104 of homeowners insurance premiums and property and casualty insurance premiums
105 applicable to residential real property for policy holders who can demonstrate that property
106 specific mitigation actions have been undertaken on the property or community level
107 mitigation actions have been undertaken in sufficient proximity to the property to reduce
108 the risk of loss from a natural disaster. The Commissioner shall by regulation establish a
109 process for policy holders to demonstrate such mitigation actions have occurred.

110 (c) An insurer shall post on its public website readily accessible information on the
111 premium discounts, incentives, or other premium adjustments that are available to policy
112 holders of homeowners insurance or property and casualty insurance applicable to
113 residential real property who undertake property-specific mitigation actions or provide
114 evidence of community level mitigation actions. The website shall identify, as applicable:

115 (1) Property specific mitigation actions for the policy holder to undertake and
116 community level mitigation actions, as determined by the Commissioner, that could result
117 in a discount, incentive, or other premium adjustment; and

118 (2) The amount of the discount, incentive, or other premium adjustment associated with
119 each action.

120 (d)(1) An insurer that provides a mitigation discount or that uses a natural disaster risk
121 model or risk score to underwrite, nonrenew, price, create a rate differential, or surcharge
122 the premium based upon the policy holder's or applicant's natural disaster risk shall
123 provide an annual written notice to each policy holder or applicant upon application for
124 insurance of the applicable mitigation discounts, the natural disaster risk score, and any
125 other natural disaster risk classification used by the insurer to underwrite, nonrenew,
126 price, create a rate differential, or surcharge the premium based upon the policy holder's
127 or applicant's natural disaster risk.

128 (2) Such notice shall include:

129 (A) A plain language explanation of the natural disaster risk score or other natural
130 disaster risk classification, including an explanation that insurers may use different
131 models and have different risk score changes that could result in different risk scores
132 from other insurers;

133 (B) The range of the scores or classifications that could potentially be assigned to the
134 property;

135 (C) The relative position of the score or classification assigned to the property within
136 that range of possible scores or classifications provided by the insurer's risk model;

137 (D) A written explanation of why the policy holder or applicant received the assigned
138 score or classification that identifies the primary features of the property that influenced
139 the assignment of the score or classification; and

140 (E) The impact, if any, that each property specific mitigation or community level
141 mitigation action could have on a natural disaster risk score or classification assigned
142 to the property.

143 (e) A policy holder or applicant for a policy of insurance whose natural disaster risk model
144 score, natural disaster risk classification assigned to the property, or applicable mitigation
145 discount is inaccurate and provides evidence of the property specific or community level
146 mitigation action may appeal the score directly to the insurer. The insurer shall notify the

147 policy holder or applicant in writing of the right to appeal the natural disaster risk score or
148 other natural disaster risk classification or applicable mitigation discount when the score
149 or classification or discount is provided to the policy holder or applicant as required by this
150 subsection. If the policy holder or applicant appeals the natural disaster risk score or other
151 natural disaster risk classification or applicable discount, the insurer shall acknowledge
152 receipt of the appeal in writing within ten calendar days after receipt of the appeal. The
153 insurer shall respond to the appeal in writing with a reconsideration and decision within 30
154 calendar days after receiving the appeal. If an appeal is denied, the insurer shall, upon
155 request by the Commissioner, forward a copy of the appeal and the insurer's response to
156 the Commissioner."

157 **SECTION 2.**

158 This Act shall become effective on January 1, 2027, and shall apply to all property insurance
159 rate filings submitted on or after such date.

160 **SECTION 3.**

161 All laws and parts of laws in conflict with this Act are repealed.