



ROBERT BENTLEY  
GOVERNOR


JIM L. RIDLING  
COMMISSIONER

STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 MONROE STREET, SUITE 502  
POST OFFICE BOX 303351  
MONTGOMERY, ALABAMA 36130-3351  
TELEPHONE: (334) 269-3550  
FACSIMILE: (334) 241-4192  
INTERNET: [www.aldoi.gov](http://www.aldoi.gov)

DEPUTY COMMISSIONER  
CHARLES M. ANGELL  
CHIEF OF STAFF  
RAGAN INGRAM  
CHIEF EXAMINER  
RICHARD L. FORD  
STATE FIRE MARSHAL  
EDWARD S. PAULK  
GENERAL COUNSEL  
REYN NORMAN

**BULLETIN NO. 2012-06**

**TO:** All insurers authorized to write homeowners insurance

**FROM:** Jim L. Ridling  
Commissioner of Insurance 

**DATE:** August 1, 2012

**RE:** Data reporting requirements – Ala. Act No. 2012-373 (Property Insurance Clarity Act)

**EFFECTIVE:** Immediate – implementation as stated

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This Bulletin addresses implementation of data reporting requirements imposed on insurance companies authorized to transact homeowners insurance in Alabama by Alabama Act No. 2012-373 (the "Property Insurance Clarity Act"), effective August 1, 2012. In general, the Act requires affected insurance companies to report to the Alabama Department of Insurance (ALDOI): (1) certain data pertaining to personal lines property business written in Alabama from 2007 through 2012 and on an annual basis in subsequent years, and (2) catastrophe wind/hail information pursuant to an ALDOI data call based on a specific catastrophic event. The Act provides for penalties in the case of non-compliance.

The text of the Act is available in the "Recently Enacted Laws" list in the "Current News" portion of the ALDOI website ([www.aldoi.gov](http://www.aldoi.gov)).

*Scope*

1. The data to be reported pertains to the following classes of personal lines property insurance: homeowners (owner-occupied), renters/tenants, condominiums (unit owners), dwelling fire policies, and mobile home/manufactured housing property. Creditor-placed property insurance, condominium association insurance, and commercial insurance are excluded. Farmowners policies were not

specifically mentioned in the Act, and are not being included for reporting purposes since some farmowners losses are not homogeneous with those of the other classes of business included.

2. Data to be reported for calendar years 2007-2012 and on an annual basis for calendar year 2013 and subsequent years is described in the attached "Formatting Excel Spreadsheets" exhibit [Attachment A]. A sample data report in Excel format will be available at the "Clarity Act" link on the ALDOI website [see Section (7) below]. Data must be separately reported by calendar year and ZIP code.

3. A catastrophic event data call will request a listing of claim counts by ZIP code segregated as follows: (a) number of partial losses below a dollar amount that will be specified by ALDOI; (b) number of partial losses above that dollar amount; (3) number of total losses; (4) total dollar amount of wind/hail losses paid; and (5) total dollar amount of wind/hail losses incurred.

#### *Reporting implementation dates*

4. Historical data for calendar years 2007 through 2012 must be reported not later than **October 1, 2013**. Data for calendar year 2013 and subsequent years must be reported not later than **October 1** of the following year.

5. Affected insurers are subject to a catastrophic event data call, if required under the Act, after **September 1, 2012**. ALDOI will release a bulletin with more details if and when a catastrophic event data call is required.

#### *Electronic registration and reporting*

6. Required data reporting must be done electronically.

7. Effective **September 1, 2012**, ALDOI will implement an electronic registration system accessible by a "Clarity Act" link on the ALDOI website ([www.aldoi.gov](http://www.aldoi.gov)). Information accessible at the "Clarity Act" link will include: a copy of the Act; a copy of this Bulletin; a link to the registration page to obtain the Clarity Act identification (NAIC number) and set the insurer's password; a blank sample page of the final aggregated industry data exhibit that will be displayed for consumers on the ALDOI website; and the import instructions and data format requirements for insurers to upload the required data to the ALDOI.

8. **All insurers with a property and casualty certificate of authority must access the ALDOI system and register between September 1, 2012 and December 31, 2012.** ALDOI will send an e-mail confirming registration. In January,

2013, ALDOI will contact any unregistered property and casualty insurers to determine their status with regard to the Act. Each insurer must keep its contact information current. Contact information changes should be processed using the Clarity Act link.

9. The same system will be used for electronic data reporting. **Insurers subject to the reporting requirements will be notified by bulletin or otherwise of the date when the system is ready to receive data.**

10. An insurer authorized for property and casualty which has never written classes of personal property insurance covered by the Act during calendar years 2007-2012 may so indicate by checking the appropriate box on the registration page. Such an insurer, however, must still register and keep Clarity Act contact information updated.

11. Each insurer which wrote business in any covered class of business in calendar year 2007 or later must electronically report the required historical data to ALDOI not later than **October 1, 2013**. Each insurer writing business in any covered class of business in calendar year 2013 and in any subsequent year must annually report the data not later than **October 1** of the following year.

12. Insurers subject to a catastrophic event data call must electronically report the data in the ALDOI system in the manner and within the time provided for by bulletin.

#### *Waivers/Modifications/Extensions*

13. The Act grants the Commissioner authority to waive, modify, or extend the Act's reporting requirements as to a particular insurer on a showing of good cause supporting one or more of the grounds expressed in Sections 5(a) and -(c) of the Act. A written request for a waiver, modification, or extension should be directed to Charles Angell, Deputy Commissioner of Insurance (e-mail address in Section 15 below).

#### *ALDOI publication of information; confidentiality*

14. Specific data reporting information from insurers will be treated by ALDOI as confidential and will not be deemed a public record or otherwise publicly disclosed. As required by the Act, data reported by all insurers will be aggregated and made publicly available on the Department's website in approximately the form of the "Homeowners Data by ZIP Code" exhibit attached to this Bulletin [Attachment B].

*Further information*

15. Questions regarding the requirements of the Act may be directed  
to:

Deputy Commissioner Charles Angell  
334-240-4422  
[Charles.Angell@insurance.alabama.gov](mailto:Charles.Angell@insurance.alabama.gov)

Craig Devitt  
Insurance Rate Analyst II  
334-240-7555  
[Craig.Devitt@insurance.alabama.gov](mailto:Craig.Devitt@insurance.alabama.gov)

For technical IT questions concerning the Clarity Act identification or password, or the uploading of the required data, please email [ITHelp@insurance.alabama.gov](mailto:ITHelp@insurance.alabama.gov).

JLR/JFM/bc

### **Formatting Excel Spreadsheets for Clarity Act Reporting**

In order to successfully upload Clarity data to the ALDOI database, the file must be in a Microsoft Excel spreadsheet. Please make sure you are using Microsoft Excel 2000 or greater.

**Please note the following:**

- All fields require an entry; no fields are optional. If you have no data applicable to a field (for example, you do not write any policies in a zip code), enter zeros (0's) for all fields for that ZIP code.
- All fields requiring dollar entries may be rounded to the nearest dollar. **Do not include dollar signs (“\$”), commas, or decimals.**
- Leading zeros (0's) are not required when inputting figures in fields.
- Loss ratios may be rounded to the nearest whole percent.
- Column (G) Policies in Force: Total should not count any policy more than once, while one policy may be counted in one or more of Columns (D), (E) and (F).
- Loss ratios in Columns (L) through (O) are calculated by dividing Incurred Losses in each of Columns (H) through (K) by the Direct Earned Premium in Column (C). As a result, the loss ratio displayed in Column (O) should be the sum of the loss ratios in Columns (L), (M) and (N) except for rounding differences.

**Column Heading\*\*\***

**Field Size/Format (No commas allowed)**

(1) Calendar Year	4 characters
(2) Zip Code	5 characters
(3) Direct Earned Premium	Format is 999999999
(4) Policies in Force: Fire*	Format is 999999
(5) Policies in Force: All Other Perils*	Format is 999999
(6) Policies in Force: All Wind/Hail*	Format is 999999
(7) Policies in Force: Total**	Format is 999999
(8) Direct Incurred Losses: Fire*	Format is 999999999
(9) Direct Incurred Losses: All Other Perils*	Format is 999999999
(10) Direct Incurred Losses: All Wind/Hail*	Format is 999999999
(11) Direct Incurred Losses: Total**	Format is 999999999
(12) Direct Incurred Loss Ratios: Fire*	Format is 999999
(13) Direct Incurred Loss Ratios: All Other Perils*	Format is 999999
(14) Direct Incurred Loss Ratios: All Wind/Hail*	Format is 999999
(15) Direct Incurred Loss Ratios: Total**	Format is 999999

\*Data requested in Columns (4), (5), (6), (8), (9), (10), (12), (13) and (14) are required for calendar year 2012 and subsequent.

\*\*Data requested in Columns (1), (2), (3), (7), (11) and (15) are required for calendar years 2007 and subsequent, though insurers are encouraged to provide this data if available for any earlier years.

\*\*\*Column headings should take up the first row in an Excel spreadsheet. Your first record of ZIP code data should be on the second row.

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**ATTACHMENT A**

**ALABAMA CLARITY ACT - ADMITTED CARRIERS' HOMEOWNERS DATA BY ZIP CODE**

**Classes of Business Included:**

Homeowners, Renters, Tenants, Condo Units, Mobile/Manufactured Homes, Dwelling Fire & EC

\* Data only required for 2012 and beyond.

\*\* Column (5) Total Policies in Force should not count any policy more than once, while one policy may be counted in one or more of Columns (2), (3) and (4).

\*\*\* Loss ratios are calculated by dividing each Peril Group's Incurred Losses in Columns (6), (7), (8) and (9) by the Direct Earned Premium in Column (1).

Data Year: Zip Code	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Direct Earned Premium	Fire* All Other Perils*	Policies in Force All Other Perils*	All Wind/Hail* All Wind/Hail*	Total**	Fire* All Other Perils*	Direct Incurred Losses All Other Perils*	All Wind/Hail* All Wind/Hail*	Total	Fire* All Other Perils*	Direct Incurred Loss Ratios***	All Wind/Hail* All Wind/Hail*	Total
Data Year: Zip Code	2007												
Data Year:	2008												
Zip Code													
Data Year: Zip Code	2009												
Data Year:	2010												
Zip Code													
Data Year: Zip Code	2011												
Data Year:	2012												
Zip Code													