

6-1-1986

## INSURANCE Liability Insurers: Reporting of Certain Information

Georgia State University Law Review

Follow this and additional works at: <https://readingroom.law.gsu.edu/gsulr>

 Part of the [Law Commons](#)

---

### Recommended Citation

Georgia State University Law Review, *INSURANCE Liability Insurers: Reporting of Certain Information*, 2 GA. ST. U. L. REV. (1986).  
Available at: <https://readingroom.law.gsu.edu/gsulr/vol2/iss2/14>

This Peach Sheet is brought to you for free and open access by the Publications at Reading Room. It has been accepted for inclusion in Georgia State University Law Review by an authorized editor of Reading Room. For more information, please contact [mbutler@gsu.edu](mailto:mbutler@gsu.edu).

## INSURANCE

### *Liability Insurers: Reporting of Certain Information*

CODE SECTION: O.C.G.A. § 33-3-21.1 (new)  
BILL NUMBER: SB 384  
ACT NUMBER: 1518  
SUMMARY: The Act establishes additional reporting requirements for insurance companies. Information detailing data on premiums, income, reserves, and net operational and underwriting gains or losses must be submitted to the Commissioner of Insurance.

#### *History*

The most controversial issue addressed by the 1986 General Assembly was tort reform.<sup>1</sup> Several bills were introduced which focused on resolving a crisis brought on by rapidly rising liability insurance rates.<sup>2</sup>

The cause of the crisis is in dispute.<sup>3</sup> Various legislators and attorneys have alleged that insurance companies underwrote poor risks in the 1970's and early 1980's to capitalize on the high interest rates but made poor investments.<sup>4</sup> The insurance industry denies such charges, claiming that it structured premium rates too low, relying upon the high interest rates to protect it.<sup>5</sup> SB 384 was introduced in response to the claim that insurance companies are overstating their losses<sup>6</sup> and in an effort to require insurance companies to justify their rate increases.<sup>7</sup>

#### *SB 384*

SB 384 was the most conservative of all the bills directed at the insurance premium crisis which were introduced in the 1986 General Assembly. It was passed as the alternative to the more radical tort reform bills

---

1. Atlanta J. & Const., Jan. 13, 1986, at 6C, col. 1.

2. See *Selected 1986 Georgia Legislation, Tort Reform and Insurance Regulation*, 2 Ga. St. U.L. Rev. 240 (1986).

3. See *supra* note 2.

4. Atlanta J. & Const., Jan. 13, 1986, at 6C, col. 1; Atlanta Const., Jan. 21, 1986, at 1C, col. 6; Atlanta Const., Feb. 5, 1986, at 6A, col. 2.

5. Atlanta J., Sept. 30, 1985, at 6E, col. 1; Atlanta Const., March 6, 1986, at 16A, col. 3.

6. Atlanta Const., Feb. 14, 1986, at 12A, col. 5.

7. Atlanta J., Feb. 12, 1986, at 5D, col. 2.

limiting the rights of injured victims in court.<sup>8</sup>

The Act adds a new section to O.C.G.A. § 33-3-21 requiring insurance companies to include, as part of their annual reports, forms supplying information about several types of insurance underwritten by the insurers. The annual report currently required under O.C.G.A. § 33-3-21 is a report of the business affairs and operations of insurers. The Act also authorizes the Commissioner of Insurance to prescribe regulations and further reports as necessary for the protection of policyholders, investors, and the public.

The Act, adding O.C.G.A. § 33-3-21.1, codifies a reporting requirement thus far not implemented by the Commissioner of Insurance under authority of O.C.G.A. § 33-3-21. By enactment of this bill, the General Assembly has manifested its intention to direct attention, through regulation, to the activities of the insurance industry.

The applicable types of insurance for which reports must be included are: motor vehicle bodily injury; liability insurance, including medical pay insurance; personal injury protection and property liability; uninsured and underinsured motorist coverage; products liability; medical, architect, engineer, and attorney malpractice; and commercial casualty or property insurance. Information required in the report includes: dollar amount of claims paid and reserves set aside for claims; actual incurred expenses for claims administration; and net underwriting and operation gains or losses. The reports are due annually by the first of March, beginning in 1987.

There were minimal changes in the bill from the time of introduction in the Senate until it was enacted. Basically, the Act directs the Commissioner of Insurance to furnish the form and requires insurance carriers to submit it.

With the information presented, public consumer groups and the Insurance Commissioner will be able to analyze the underwriting of policies, reserves on claims, and projected profits or losses to determine whether rate increases are warranted.<sup>9</sup>

---

8. See *supra* note 2.

9. Atlanta J., Feb. 7, 1986, at 10A, col. 5.