SB1

109454-7

By Senators Brooks, Glover, and Pittman

RFD: Banking and Insurance

First Read: 03-FEB-09

PFD: 06/09/2008
ENROLLED, An Act,

Relating to homeowners insurance; to provide an
insurance premium discount or insurance rate reduction for
homeowners who build, rebuild, or retrofit an insurable
property to better resist hurricane or other catastrophic
windstorm events.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Commencing on the effective date of
this act, insurance companies shall provide a premium discount
or insurance rate reduction in an amount and manner as
established in subsection (d) and pursuant to Section 3. In
addition, insurance companies may also offer additional
adjustments in deductible, other credit rate differentials, or
a combination thereof, collectively referred to as
adjustments. These adjustments shall be available under the
terms specified in this section to any owner who builds or
locates a new insurable property, in any county contiguous to
the Gulf of Mexico and Mobile Bay, to resist loss due to
hurricane or other catastrophic windstorm events.

(b) To obtain the adjustment provided in this
section, an insurable property located in this state shall be
certified as constructed in accordance with the 2006
International Residential Code, as amended, including all hurricane mitigation construction requirements, or the Fortified For Safe Living Standards (FFSLS), as may from time to time be adopted by the Institute for Business and Home Safety. An insurable property shall be certified as conforming to the applicable building code only after an inspection of the insurable property has been satisfactorily completed by a certified or licensed building inspector and certified to be conforming to the applicable building code including all hurricane mitigation construction requirements. An insurable property shall be certified as conforming to FFSLS criteria only after inspection and certification by an FFSLS certified inspector.

(c) An owner of insurable property claiming an adjustment pursuant to this section shall maintain sufficient certification records and construction records including, but not limited to, a certification of compliance with the applicable building code or FFSLS criteria provided in subsection (b), receipts from contractors, receipts for materials, and records from local building officials. The records shall be subject to audit by the Commissioner of Insurance, or his or her representatives, and copies of any such records shall be presented to the insurer or potential insurer of a property owner before the adjustment becomes effective for the insurable property.
(d) Insurers required to submit rates and rating plans to the commissioner shall submit an actuarially justified rating plan for any person who builds an insurable property to comply with the sets of requirements of subsection (b). An insurer is not required to provide the same amount of adjustment for a building code insurable property as the insurer would to an FFSLS insurable property. An adjustment shall only apply to policies that provide wind coverage and may apply to that portion of the premium for wind coverage or to the total premium if the insurer does not separate out its premium for wind coverage in its rate filing. The adjustment shall apply exclusively to the premium designated for the improved insurable property. In addition to the requirements of this section, an insurer may voluntarily offer any other mitigation adjustment that the insurer deems appropriate.

Section 2. (a) Commencing on the effective date of this act, insurance companies shall provide a premium discount or insurance rate reduction in an amount and manner as established in subsection (d) and pursuant to Section 3. In addition, insurance companies may also offer additional adjustments in deductible, other credit rate differentials, or a combination thereof, collectively referred to as adjustments. These adjustments shall be available under the terms specified in this section to any owner who retrofits his or her insurable property, in any county contiguous to the
Gulf of Mexico and Mobile Bay, to resist loss due to hurricane
or other catastrophic windstorm events.

(b) To obtain the adjustment provided in this
section, an insurable property shall be retrofitted to Level
One, Level Two, or Level Three, all as defined in the
Fortified Existing Homes requirements as may from time to time
be adopted by the Institute for Business and Home Safety, or
other mitigation program, or other construction technique, or
other standardized code which may be submitted by each insurer
and approved by the commissioner. Zone three HUD code
manufactured homes shall also be retrofitted as defined in the
Fortified Existing Home requirements as may from time to time
be adopted by the Institute for Business and Home Safety. An
insurable property shall be certified as conforming to
Fortified Existing Home requirements only after inspection and
certification by an FFSLS certified inspector. Certification
of conformity of an insurable property with the other
mitigation program, other construction technique, or other
standardized code shall be made only by a certified or
licensed building inspector.

(c) An owner of insurable property claiming an
adjustment pursuant to this section shall maintain sufficient
certification records and construction records including, but
not limited to, a certification of compliance with the
mitigation program, construction technique, or standardized
building code, as applicable, or FFSLS as provided in subsection (b), receipts from contractors, receipts for materials, and records from local building officials. The records shall be subject to audit by the commissioner, or his or her representatives, and copies of any such records shall be presented to the insurer or potential insurer of a property owner before the adjustment becomes effective for the insurable property.

(d) Insurers required to submit rates and rating plans to the commissioner shall submit actuarially justified rating plans for any person who retrofits an insurable property to comply with the sets of alternatives provided in subsection (b). The adjustment shall only apply to policies that provide wind coverage and may apply to that portion of the premium for wind coverage or to the total premium if the insurer does not separate out its premium for wind coverage in its rate filing. The adjustment shall apply exclusively to the premium designated for the improved insurable property. In addition to the requirements of this section, an insurer may voluntarily offer any other mitigation adjustment that the insurer deems appropriate.

Section 3. For the purposes of this act, the term "insurable property" includes single family residential property. "Insurable property" also includes modular homes satisfying the codes, standards, or techniques as provided in
Section 1 or Section 2. Manufactured homes or mobile homes are excluded, except as expressly provided in subsection (b) of Section 2.

Section 4. This act shall only apply to new insurance policies written or existing policies renewed on or after the first day of the twelfth month following the effective date of this act.

Section 5. The Department of Insurance shall promulgate such rules as are necessary to implement and administer this act.

Section 6. This act shall become effective immediately following its passage and approval by the Governor, or its otherwise becoming law.
President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB1

Senate 09-APR-09
I hereby certify that the within Act originated in and passed
the Senate, as amended.

McDowell Lee
Secretary

House of Representatives
Passed: 06-MAY-09

By: Senator Brooks