

1 HB293  
2 127570-1  
3 By Representatives Shiver, Davis and McMillan  
4 RFD: Insurance  
5 First Read: 22-MAR-11

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8 SYNOPSIS: This bill would provide an incentive to  
9 private homeowner insurance carriers to encourage  
10 them to write homeowners policies in certain  
11 geographic areas covered by the Alabama Insurance  
12 Underwriting Association. This bill would provide  
13 for credits against insurance premium taxes for  
14 private property insurance carriers who write  
15 homeowners insurance policies which include wind  
16 coverage in the counties of Alabama which are  
17 contiguous to the Gulf of Mexico and Mobile Bay,  
18 but only where at the time of the writing of the  
19 private policies the property was insured under the  
20 Alabama Insurance Underwriting Association, in an  
21 amount of 20 percent of the insurance premium tax  
22 otherwise due in Zone 4, and 35 percent of the  
23 insurance premium tax otherwise due in Zones 1, 2,  
24 and 3.

25  
26 A BILL  
27 TO BE ENTITLED

1 AN ACT

2  
3 To provide an incentive to encourage private  
4 homeowner insurance carriers to write homeowners insurance  
5 policies with wind coverage in areas covered by the Alabama  
6 Insurance Underwriting Association by providing certain  
7 insurance premium tax credits against insurance premium taxes  
8 otherwise due by private homeowner insurance carriers who  
9 write homeowners insurance policies which include wind  
10 coverage in the counties of Alabama which are contiguous to  
11 the Gulf of Mexico and Mobile Bay, but only where at the time  
12 of the writing the property was insured under the Alabama  
13 Insurance Underwriting Association, in an amount of 20 percent  
14 of the insurance premium tax otherwise due in Zone 4 and 35  
15 percent of the tax otherwise due in Zones 1, 2, and 3.

16 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

17 Section 1. (a) Insurance carriers providing full  
18 property and casualty coverage, to specifically include wind  
19 and hail coverage, to property owners within the areas defined  
20 in Section 27-1-24, Code of Alabama 1975, including any  
21 portion of the area as it may be expanded from time to time  
22 pursuant to Section 27-1-27, Code of Alabama 1975, but only on  
23 properties that as of the time of writing are insured for wind  
24 coverage through the Alabama Insurance Underwriting  
25 Association, may claim as a nonrefundable credit against the  
26 insurance premium tax imposed by Chapter 4A, Title 27 of the  
27 Code of Alabama 1975, in an amount equal to 20 percent of the

1 insurance premium tax otherwise due on the premium written for  
2 the property owners for the taxable year in Zone 4; and 35  
3 percent of the insurance premium tax otherwise due on the  
4 premium written for the property owners for the taxable year  
5 in Zones 1, 2, and 3.

6 (b) The credit allowed by this section is available  
7 only to an insurer licensed or authorized to do business in  
8 this state with respect to a property and casualty insurance  
9 policy providing full coverage as defined in subsection (a).

10 (c) A licensed insurer who claims the credit allowed  
11 by this section shall provide information required by the  
12 Department of Insurance to demonstrate that the taxpayer is  
13 eligible for the credit and that the amount paid for premiums  
14 for which the credit is claimed was not excluded from the  
15 licensed insurer's gross income for the taxable year.

16 (d) The tax credit allowed under this section for a  
17 taxable year may be claimed only once for any one structure,  
18 regardless of the number of policies written on the structure.

19 (e) The department shall take the action necessary  
20 to monitor and examine the use of the credit claims under this  
21 section.

22 (f) This section applies to all new policies issued  
23 with an effective date after the effective date of this act.

24 Section 2. This act shall become effective on the  
25 first day of the third month following its passage and  
26 approval by the Governor, or its otherwise becoming law.