

1 HB161  
2 147483-1  
3 By Representatives Barton, Davis, Sessions, McMillan, Faust,  
4 Gaston, Baker, Shiver, Bracy and Fincher  
5 RFD: Insurance  
6 First Read: 06-FEB-13

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8 SYNOPSIS: Existing law does not specifically require  
9 property insurers and surplus producers to provide  
10 their new and renewal insureds with premium  
11 details, separately and combined, on the policy  
12 declaration page of the perils of wind or hail  
13 coverage and the perils of non-wind or hail  
14 coverage on each homeowners, dwelling, and  
15 commercial property insurance policy.

16 This bill would require all property  
17 insurers and surplus producers to provide their new  
18 and renewal insureds with premium details,  
19 separately and combined, on the policy declaration  
20 page of the perils of wind or hail coverage and the  
21 perils of non-wind or hail coverage on each  
22 homeowners, dwelling, and commercial property  
23 insurance policy.

24 This bill would provide that proposed rates  
25 filed with an effective date of 2015 shall be  
26 submitted to the Department of Insurance and

1 displayed in the rate manual of the insurer  
2 providing property rates.

3 This bill would provide that personal  
4 property insurers that utilize the credit history  
5 of the insured in determining the policy premium of  
6 the insurer, credit rating factors, or rating tiers  
7 that are partially or completely based on the  
8 credit history utilized in the premium calculation  
9 shall be filed separately for the perils of wind or  
10 hail coverage and the perils of non-wind or hail  
11 coverage, and those rating factors shall properly  
12 reflect the predictability of future losses for  
13 those two coverages from the credit history of the  
14 insured.

15  
16 A BILL  
17 TO BE ENTITLED  
18 AN ACT

19  
20 Relating to property insurers and surplus producers;  
21 to require all property insurers and surplus producers to  
22 provide their new and renewal insureds with premium details,  
23 separately and combined, on the policy declaration page for  
24 the perils of wind or hail coverage and the perils of non-wind  
25 or hail coverage on each homeowners, dwelling, and commercial  
26 property insurance policy; to provide proposed rates filed  
27 with an effective date of 2015 shall be submitted to the

1 Department of Insurance and displayed in the rate manual of  
2 the insurer providing property rates; and to provide that  
3 personal property insurers that utilize the credit history of  
4 the insured in determining the policy premium of the insurer,  
5 credit rating factors, or rating tiers that are partially or  
6 completely based on the credit history utilized in the premium  
7 calculation shall be filed separately for the perils of wind  
8 or hail coverage and the perils of non-wind or hail coverage,  
9 and those rating factors shall properly reflect the  
10 predictability of future losses for those two coverages from  
11 the credit history of the insured.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. The Legislature declares that the purpose  
14 of this act is to require the following:

15 (1) All property insurers and surplus producers  
16 shall provide their new and renewal insureds with premium  
17 details, separately and combined, on the policy declaration  
18 page for the perils of wind or hail coverage and the perils of  
19 non-wind or hail coverage on each homeowners, dwelling, and  
20 commercial property insurance policy.

21 (2) All proposed rates filed with an effective date  
22 of 2015 shall be submitted to the Department of Insurance and  
23 displayed in the rate manual of the insurer providing property  
24 rates.

25 (3) All personal property insurers that utilize the  
26 credit history of the insured in determining the policy  
27 premium of the insurer, credit rating factors, or rating tiers

1 that are partially or completely based on the credit history  
2 utilized in the premium calculation shall be filed separately  
3 for the perils of wind or hail coverage and the perils of  
4 non-wind or hail coverage, and those rating factors shall  
5 properly reflect the predictability of future losses for those  
6 two coverages from the credit history of the insured.

7 Section 2. As used in this act, the following words  
8 shall have the following meanings:

9 (1) PERILS OF WIND OR HAIL COVERAGE. Coverage in the  
10 property policy related to both catastrophic and  
11 non-catastrophic wind and hail.

12 (2) PERILS OF NON-WIND OR HAIL COVERAGE. Coverage in  
13 the property policy which is not included in subdivision (1).

14 Section 3. (a) (1) Each property rate filing  
15 submitted to the Department of Insurance which is proposed to  
16 be effective on or after January 1, 2015, shall provide, at a  
17 minimum, property rates separately for the perils of wind and  
18 hail coverage and the perils of non-wind or hail coverage.  
19 Insurers may segregate additional perils for rating purposes.  
20 The approved rate shall be displayed in like manner in the  
21 rates in the insurer manual for these coverages.

22 (2) Beginning with policies effective January 1,  
23 2015, all personal property insurers and surplus lines  
24 producers shall provide on each homeowners, dwelling, and  
25 commercial property insurance policy declaration page, for  
26 both new and renewal policies, at a minimum, separate premiums  
27 for the perils of wind and hail coverage and the perils of

1 non-wind or hail coverage, as well as a total premium for the  
2 policy. Insurers or producers may show detailed perils  
3 premiums so that the insured can determine from the policy  
4 their wind or hail premiums.

5 (b) Each personal property rate filings submitted to  
6 the Department of Insurance proposed to be effective on or  
7 after January 1, 2015, that utilize the credit history in  
8 calculating the policy premium of the insured shall provide  
9 the credit rating factors or rating tiers which are partially  
10 or completely based on credit history separately for the  
11 perils of wind or hail coverage and the perils of non-wind or  
12 hail coverage, accompanied by statistical support for those  
13 rating factors. The approved factors shall be displayed in the  
14 rate manual of the insurer for these coverages.

15 Section 4. The requirements of this act shall apply  
16 to all personal property insurers and surplus line producers  
17 writing policies in Alabama.

18 Section 5. A one-year extension may be allowed with  
19 prior approval by the Department of Insurance for each carrier  
20 who demonstrates technology implementation hardship.

21 Section 6. This act shall become effective on the  
22 first day of the third month following its passage and  
23 approval by the Governor, or its otherwise becoming law.