

HB8 INTRODUCED



1 HB8
2 K6YQAA-1
3 By Representative Brown
4 RFD: Insurance
5 First Read: 05-Feb-24
6 2024 Regular Session



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SYNOPSIS:

Under existing law, there is no state law generally requiring insurers to provide a person insured under a property insurance policy with prior notice of policy cancellation, nonrenewal, or reduction of coverage.

This bill would require insurers to provide persons insured under property insurance policies at least 90 days prior written notice of a policy cancellation, nonrenewal, or coverage restriction.

This bill would also deem policy cancellation, nonrenewal, or reduction of coverage by an insurer ineffective under certain limited circumstances.

A BILL
TO BE ENTITLED
AN ACT

Relating to cancellation, nonrenewal or reduction of coverage under a property insurance policy; to require insurers to provide any person insured under a property insurance policy with certain written notice prior to cancellation, nonrenewal, or coverage restriction of the policy; and to deem cancellation, nonrenewal or coverage



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29 restriction by an insurer ineffective under certain limited
30 circumstances.

31 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

32 Section 1. (a) As used in this section, the following
33 terms have the following meanings:

34 (1) COVERAGE RESTRICTION. The imposition of a new wind
35 exclusion, hurricane or named-storm deductible, or increase of
36 an existing hurricane or named-storm deductible.

37 (2) INSURER. The same meaning as defined in Section
38 27-1-2, Code of Alabama 1975.

39 (3) NONRENEWAL OF COVERAGE. Not offering to continue
40 existing coverage.

41 (4) PROPERTY. Real estate used primarily for
42 residential or commercial purposes.

43 (b) A cancellation, nonrenewal, or coverage restriction
44 under a property insurance policy shall not be effective as to
45 any policy issued or renewed on or after the effective date of
46 this act except under the following conditions:

47 (1) Until the insurer delivers written notice to the
48 named insured and any named creditor loss payee in a manner
49 consistent with any delivery of notice requirements set forth
50 in the policy not less than 90 days prior to the effective
51 date of the proposed cancellation, nonrenewal, or coverage
52 restriction.

53 (2) Until the passage of at least 90 days after
54 completion of repairs to the property, if the damage was a
55 result of a hurricane or wind loss arising from a natural
56 disaster or a public health emergency pursuant to Section



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57 31-9-8, Code of Alabama 1975.

58 (3) Until the earlier of both of the following if the
59 property is damaged by any covered peril and subdivision (2)
60 does not apply:

61 a. The date that repairs to the property are completed.

62 b. One year after the insurer issues the final claim
63 payment.

64 (c) This section shall not apply to cancellation of a
65 policy for nonpayment of a premium unless there is a named
66 creditor loss payee on the policy, in which case the
67 cancellation shall not be effective until the insurer delivers
68 written notice to the named insured and the creditor loss
69 payee in a manner consistent with any delivery of notice
70 requirements set forth in the policy not less than 10 days
71 prior to the effective date of the proposed cancellation.

72 (d) All property insurance policies issued, revised, or
73 renewed on or after the effective date of this act adding this
74 section shall comply with subsection (b) and shall be deemed
75 implied in any policy in which the requirements in subsection
76 (b) are not expressly stated.

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