

**HB8 ENGROSSED**



1 HB8  
2 FY4ZC5C-2  
3 By Representative Brown  
4 RFD: Insurance  
5 First Read: 06-Feb-24  
6 PFD: 01-Dec-23



## HB8 Engrossed

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

A BILL  
TO BE ENTITLED  
AN ACT

Relating to cancellation, nonrenewal, or restriction of coverage under a property insurance policy; to require insurers to provide certain persons 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 restriction by an insurer ineffective under certain limited circumstances.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. As used in this section, the following terms have the following meanings:

(1) AFFILIATE TRANSFER. When an insurer transfers, at renewal or policy expiration, its personal lines property insurance policies or commercial lines property insurance policies to an affiliated licensed insurer that is a member of the same insurance group or same holding company as the transferring insurer. The issuance of a replacement policy form providing the same or substantially similar coverage issued by the same insurer, or the transfer of personal lines property insurance policies or commercial lines property



## HB8 Engrossed

29 insurance policies to a licensed affiliate insurer that will  
30 issue the same or substantially similar policy, is considered  
31 a renewal and will not be treated as a cancellation or  
32 nonrenewal. The policy transfer must be selected on a  
33 nondiscriminatory basis.

34 (2) CANCELLATION. The decision by an insurer in  
35 accordance with Section 2 to terminate coverage to a  
36 policyholder prior to the expiration of the current term.

37 (3) COVERAGE RESTRICTION. Any imposition of a wind  
38 exclusion or hurricane deductible, or increasing an existing  
39 hurricane deductible, where the restriction applies to a  
40 category or group of policyholders at renewal and is not a  
41 result of prior claims history.

42 (4) INSURER. Includes authorized insurers and  
43 unauthorized insurers as defined in Section 27-1-2, Code of  
44 Alabama 1975, and surplus lines insurers providing property  
45 insurance policies on risks located in the state of Alabama.  
46 The term shall not apply to a liability self-insurance fund as  
47 defined in Section 11-30-1, Code of Alabama 1975.

48 (5) NONPAYMENT OF PREMIUM. The failure of the named  
49 insured to, when due, discharge any of his or her obligations  
50 in connection with the payment of premiums on a policy of  
51 insurance or any installment of such premium, whether the  
52 premium is payable directly to the insurer or its agent or  
53 indirectly under any premium finance plan or extension of  
54 credit.

55 (6) NONRENEWAL. The decision by an insurer to not renew  
56 coverage to a policyholder for an additional term.



## HB8 Engrossed

57 (7) PROPERTY INSURANCE. The term includes homeowners  
58 insurance, condominium insurance, dwelling fire policies that  
59 provide dwelling or contents coverage, renters or tenants  
60 insurance, mobile home or manufactured home insurance, and  
61 commercial lines policies. Creditor placed property insurance  
62 and automobile insurance are excluded.

63 (8) SUBSTANTIALLY SIMILAR. A policy that provides the  
64 same basic coverages but may add, alter, or eliminate  
65 incidental coverages and may provide coverages using different  
66 textual language.

67 Section 2. (a) This section shall not apply to property  
68 insurance policies issued to any of the following:

69 (1) Any state, county, or local government or any  
70 boards, councils, commissions, or committees thereof.

71 (2) Any entity organized under the statutory authority  
72 of, and whose members, directors, trustees, or stockholders  
73 are selected, appointed, or chosen by, the chief executive  
74 officer or governing body of a state, county, or local  
75 government.

76 (b) (1) A cancellation or nonrenewal of a property  
77 insurance policy is not effective as to any coverage issued or  
78 renewed after January 1, 2026, unless notice is mailed or  
79 delivered to the insured and to any named creditor loss payee  
80 by the insurer not less than 30 days prior to the effective  
81 date of the cancellation or nonrenewal. This section shall not  
82 apply to nonpayment of premiums unless there is a named  
83 creditor loss payee, in which case at least 10 days' notice is  
84 required.



## HB8 Engrossed

85           (2) The cancellation and nonrenewal notice requirements  
86 of this section shall not apply when a replacement policy form  
87 is issued by the same insurer or when a transfer of an insured  
88 to a licensed affiliate of the insurer occurs, so long as the  
89 replacement of policy forms or transfer results in the same or  
90 substantially similar coverage and the insurer mails or  
91 delivers to the insured at least 30 days prior to the renewal  
92 effective date notice of any term or condition that is less  
93 favorable to the policyholder.

94           (3) The provisions of subdivisions (1) and (2) shall be  
95 incorporated into each property insurance policy issued or  
96 renewed after January 1, 2026, and if the provisions are not  
97 expressly stated in the policy, the provisions shall be deemed  
98 to be incorporated in the policy.

99           (c) Whenever a replacement policy form is issued by the  
100 same insurer or when transfer of an insured to a licensed  
101 affiliate occurs, documents signed by the insured are  
102 applicable to the replacement policy form, or the coverage is  
103 transferred to the licensed affiliate insurer, or both, and  
104 the policy shall remain valid and enforceable.

105           (d) A transferring insurer shall provide the  
106 policyholder written notice of the policy transfer at least 30  
107 days prior to expiration of the policy term. The notice must  
108 be provided to the policyholder with the notice of renewal  
109 premium at least 30 days before the effective date of the  
110 transfer.

111           (e) No notice of cancellation of a property insurance  
112 policy shall be effective unless it is based on one or more of



## HB8 Engrossed

113 the following reasons:

114 (1) Nonpayment of premium.

115 (2) The policy was obtained through a material  
116 misrepresentation.

117 (3) An insured violated any of the terms and conditions  
118 of the policy.

119 (4) An insured made a false or fraudulent claim or  
120 knowingly aided or abetted another in the presentation of such  
121 a claim.

122 (5) Failure to maintain membership in any group or  
123 organization when such membership is a prerequisite to the  
124 purchase of the insurance.

125 (6) The insured property is so mechanically or  
126 structurally defective or changed in shape or condition during  
127 the policy period so as to increase the risk substantially.

128 (f)(1) Every insurer selling property insurance shall  
129 provide written notice of a coverage restriction or  
130 nonrenewal, where the nonrenewal applies to a category or  
131 group of policyholders at renewal and is not a result of prior  
132 claims history, to the Commissioner no less than 60 days prior  
133 to the effective date of the proposed coverage restriction or  
134 category or group nonrenewal. The notice shall include the  
135 type of policies, the type of coverage restrictions, the  
136 category or group of policyholders to be affected, the number  
137 of policyholders to be affected, and the names of the Alabama  
138 counties in which policyholders to be affected reside.

139 (2) Every insurer selling property insurance shall  
140 provide written notice of a coverage restriction or



## HB8 Engrossed

141 nonrenewal, where the nonrenewal applies to a category or  
142 group of policyholders at renewal and is not a result of prior  
143 claims history, to the policyholder no less than 30 days prior  
144 to the effective date of the proposed coverage restriction or  
145 category or group nonrenewal.

146 (g) (1) Subsections (e) and (f) shall not apply to any  
147 property insurance policy which has been in effect less than  
148 60 days at the time notice of cancellation is mailed or  
149 delivered by the insurer unless it is a renewal policy.

150 (2) Renewal of a property insurance policy shall not  
151 constitute a waiver or estoppel with respect to grounds for  
152 cancellation which existed before the effective date of the  
153 renewal.

154 (3) Proof of mailing or delivery of notice of  
155 cancellation, coverage restriction, nonrenewal, or of reasons  
156 for cancellation to the policyholder shown in the policy shall  
157 be sufficient proof of notice.

158 (4) Where the reason or reasons for cancellation do not  
159 accompany or are not included in the notice of cancellation,  
160 the insurer, upon written request of the policyholder, shall  
161 mail or deliver notice to the policyholder not less than 15  
162 days prior to the effective date of cancellation and specify  
163 in writing the reason or reasons for the cancellation. The  
164 reasons shall be mailed or delivered to the named insured  
165 within five days after nonpayment of the premium. This  
166 subdivision shall apply only to a cancellation.

167 (h) There shall be no liability on the part of and no  
168 cause of action of any nature shall arise against any insurer,



## HB8 Engrossed

169 its authorized representative, its agents, its employees, or  
170 any person furnishing to the policyholder any information as  
171 to cancellation, coverage restriction, or nonrenewal, for any  
172 statement made by any of them in any written notice of  
173 cancellation, coverage restriction, or nonrenewal, or for the  
174 providing of information pertaining thereto, or for statements  
175 made or evidence submitted at the hearings conducted in  
176 connection therewith.

177 (i) If any portion of this act or its applicability to  
178 any person or circumstance is held invalid by a court, the  
179 remainder of the act or the applicability of the provision to  
180 other persons or circumstances shall not be affected.

181 Section 3. This act shall become effective on October  
182 1, 2024.





**HB8 Engrossed**

183  
184  
185  
  
186  
187  
188  
189  
190  
191  
192  
193  
194  
195  
196  
197  
198  
199  
200  
201  
202  
203

House of Representatives

Read for the first time and referred .....06-Feb-23  
to the House of Representatives  
committee on Insurance  
  
Read for the second time and placed .....06-Mar-24  
on the calendar:  
0 amendments  
  
Read for the third time and passed .....04-Apr-24  
as amended  
Yeas 102  
Nays 0  
Abstains 0

John Treadwell  
Clerk