

1 HR130
2 167864-1
3 By Representatives Sessions, Davis, Gaston, Faust, Bracy,
4 Williams (JW), Baker, Shiver, McMillan, Drummond, Clarke,
5 Pringle, Wilcox, Buskey and Jackson
6 RFD: Rules
7 First Read: 16-APR-15

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8 URGING THE ALABAMA INSURANCE UNDERWRITING
9 ASSOCIATION TO MAINTAIN ITS MEMBERS' SURPLUS AT ITS CURRENT
10 AMOUNT TO ADEQUATELY PROTECT POLICYHOLDERS IN MOBILE AND
11 BALDWIN COUNTIES.

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13 WHEREAS, the Alabama Insurance Underwriting
14 Association (AIUA) was voluntarily formed in the early 1970s
15 by Insurance Industry leaders in cooperation with the Alabama
16 Department of Insurance; and

17 WHEREAS, in 2008, the Alabama Legislature codified
18 the AIUA along with its articles of agreement, plan of
19 operation, and rules and procedures; and

20 WHEREAS, the mission of the AIUA is to provide a
21 market for owners of eligible property located in coastal
22 areas of Mobile and Baldwin Counties to obtain essential
23 insurance when they are unable to obtain coverage in the
24 private insurance market; and

25 WHEREAS, the AIUA has successfully and efficiently
26 served this mission for more than 40 years; and

1 WHEREAS, by design, the AIUA policies provide basic,
2 no frills coverage at rates that are generally higher than the
3 average rates offered in the private market for a policy
4 providing broad coverage options; and

5 WHEREAS, a property owner will usually seek an AIUA
6 policy as a "last resort" because they have been unable to
7 find better coverage at lower rates elsewhere; and

8 WHEREAS, under existing law, membership in the AIUA
9 is required for all insurers authorized and writing fire and
10 extended coverage insurance in the State of Alabama; and

11 WHEREAS, under existing law, the Board of Directors
12 of the AIUA is selected from its membership pursuant to the
13 plan of operation of the association; and

14 WHEREAS, the AIUA uses independent actuaries to
15 determine actuarially sound rates sufficient to cover
16 operating expenses, routine claims, and the cost of purchasing
17 reinsurance which are then filed with the Alabama Department
18 of Insurance where they are carefully analyzed by the
19 department before they are approved and implemented; and

20 WHEREAS, the AIUA currently provides coverage to
21 more than 32,000 consumers in Mobile and Baldwin Counties with
22 a total insured value of more than \$5.6 billion; and

23 WHEREAS, in the aftermath of a hurricane or
24 significant wind, the AIUA must assess its membership if
25 claims outpace premiums and surplus; and

1 WHEREAS, the AIUA has accumulated a strong level of
2 surplus to protect its policyholders in Mobile and Baldwin
3 Counties; now therefore,

4 BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF
5 THE LEGISLATURE OF ALABAMA, That we hereby urge the Board of
6 Directors of the AIUA to maintain its surplus at least at the
7 current amount in order to adequately protect policyholders in
8 Mobile and Baldwin Counties.