

1 SB509
2 131287-1
3 By Senator Williams
4 RFD: Banking and Insurance
5 First Read: 24-MAY-11

2
3
4
5
6
7
8 SYNOPSIS: This bill would preclude an insurer from
9 unilaterally changing a deductible in a property or
10 casualty insurance policy for an individual without
11 first providing notice to the insured.

12
13 A BILL
14 TO BE ENTITLED
15 AN ACT

16
17 Relating to insurance; to preclude an insurer from
18 unilaterally changing a deductible in a property or casualty
19 insurance policy for an individual without providing notice
20 and an opportunity for the insured to consent to the change.

21 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

22 Section 1. (a) An insurer may not unilaterally
23 change the deductible under a property or casualty insurance
24 policy for an individual unless the insurer provides written
25 notice to the named insured. Notice shall be given at least 60
26 days before the expiration date of the policy. If the insurer
27 fails to provide notice pursuant to this section, the

1 deductible shall remain in effect until notice is provided or
2 until the effective date of replacement coverage obtained by
3 the named insured, whichever occurs first. If the insured
4 accepts the deductible change, the change shall be effective
5 the day following the prior policy's expiration.

6 (b) Nothing in this section shall allow an insurer
7 to change a deductible except at the time of renewal of the
8 policy.

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