

1 HB477
2 117445-1
3 By Representatives Collier, McMillan, Ison, Gordon, Gaston,
4 Barton, Buskey, Kennedy, Shiver and Faust
5 RFD: Banking and Insurance
6 First Read: 02-FEB-10

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8 SYNOPSIS: This bill would prohibit the application of
9 a hurricane deductible for property damage in
10 insurance policies unless the damage arose from a
11 named hurricane or tropical storm, would require
12 any personal lines insurance policy offering a
13 percentage deductible for the peril of winds and
14 hail to offer a voluntary buy-back provision, and
15 would provide penalties for violations.

16
17 A BILL
18 TO BE ENTITLED
19 AN ACT

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21 To prohibit the application of a hurricane
22 deductible for property damage in insurance policies unless
23 the damage arose from a named hurricane or tropical storm; to
24 require personal lines insurance policies offering a
25 percentage deductible for the peril of winds and hail to offer
26 a voluntary buy-back provision; and to provide penalties for
27 violations.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. (a) In the event that property damage is
3 caused by wind, wind gusts, hail, tornado, or cyclone from a
4 source other than a named hurricane or named tropical storm as
5 declared by the National Hurricane Center of the National
6 Weather Service, a provision for a hurricane deductible or
7 percentage deductible for the peril of winds and hail shall
8 not be applied as to any insurance contract insuring any
9 dwelling or other building, except as provided for a
10 percentage deductible for the peril of winds and hail in
11 subsection (b).

12 (b) Any personal lines insurance policy that offers
13 a percentage deductible for the peril of winds and hail from a
14 source other than a named hurricane or named tropical storm as
15 declared by the National Hurricane Center of the National
16 Weather Service shall offer a voluntary buy-back provision for
17 that deductible which is actuarially sound and is no greater
18 than one percent of the dwelling limits of the policy. The
19 Commissioner of Insurance, within his or her discretion, may
20 only grant a waiver from the mandatory buy-back provision in
21 accordance with the following procedure and criteria:

22 (1) An insurance company shall make a formal filing
23 requesting a waiver from the buy-back provision requirement
24 with the commissioner.

25 (2) An insurance company shall submit written proof
26 in its formal filing as to why it is in the best interest of
27 Alabama policyholders to receive a waiver from the buy-back

1 provision requirement and shall provide any supporting
2 documentation requested by the commissioner deemed appropriate
3 to make his or her decision.

4 (c) An insurer found by the commissioner, after a
5 hearing conducted in accordance with Section 27-2-28, Code of
6 Alabama 1975, to be in violation of subsection (a) or
7 subsection (b) shall:

8 (1) For each separate violation, pay a penalty in an
9 amount not exceeding ten thousand dollars (\$10,000).

10 (2) Be subject to revocation or suspension of its
11 license.

12 (d) Nothing in this section shall affect the right
13 of the commissioner to impose any other penalties provided in
14 the insurance law.

15 (e) The Department of Insurance shall promulgate
16 such rules as are necessary to implement and administer this
17 section.

18 Section 2. This act shall become effective
19 immediately following its passage and approval by the
20 Governor, or its otherwise becoming law.