

1 SB232
2 136268-1
3 By Senators Brooks, Pittman, Glover, Keahey and Figures
4 RFD: Banking and Insurance
5 First Read: 07-FEB-12

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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

1 a voluntary buy-back provision; and to provide penalties for
2 violations.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

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

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

1 (2) An insurance company shall submit written proof
2 in its formal filing as to why it is in the best interest of
3 Alabama policyholders to receive a waiver from the buy-back
4 provision requirement and shall provide any supporting
5 documentation requested by the commissioner deemed appropriate
6 to make his or her decision.

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

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

13 (2) Be subject to revocation or suspension of its
14 license.

15 (d) Nothing in this section shall affect the right
16 of the commissioner to impose any other penalties provided in
17 the insurance law.

18 (e) The Department of Insurance shall promulgate
19 such rules as are necessary to implement and administer this
20 section.

21 Section 2. This act shall become effective
22 immediately following its passage and approval by the
23 Governor, or its otherwise becoming law.