

1 HB458
2 150088-3
3 By Representative Wren
4 RFD: Insurance
5 First Read: 20-MAR-13

1 ENGROSSED

2
3
4 A BILL
5 TO BE ENTITLED
6 AN ACT
7

8 Relating to the Department of Insurance; to provide
9 that a rate filing made by an insurer of private personal
10 automobile insurance written on risks in this state who is
11 authorized to do business in this state that provides for an
12 overall statewide rate increase or decrease of no more than 15
13 percent in the aggregate for all coverages may take effect the
14 date it is filed; and to provide that a filing submitted
15 pursuant to this act shall be considered in compliance with
16 state law unless the Commissioner of the Department of
17 Insurance determines that the filing is unreasonably high,
18 inadequate, or unfairly discriminatory.

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

20 Section 1. This act shall be known and may be cited
21 as the "Personal Automobile Insurance Market Competitiveness
22 Act."

23 Section 2. This act shall apply to private personal
24 automobile insurance written on risks in this state by any
25 insurer who is authorized to do business in this state.

26 Section 3. (a) Notwithstanding the provisions of
27 Sections 27-13-30 and 27-13-68, Code of Alabama 1975, a filing

1 per individual line of insurance made by an insurer under this
2 section that provides for an overall statewide rate increase
3 or decrease of no more than 15 percent in the aggregate for
4 all coverages that are subject to the filing may take effect
5 the date it is filed. The 15 percent limitation may not apply
6 on an individual insured basis. An insured may not be
7 subjected to a rate of increase of more than 25 percent at
8 renewal, but this twenty-five percent cap does not apply to
9 the portion of the premium change that is a direct result of
10 factors such as symbol updates, policy changes, a driver aging
11 from one class to another, or other changes in risk
12 classification or rating factors not altered in the filing. No
13 more than one rate filing per individual line of insurance may
14 be made by an insurer pursuant to the expedited process
15 provided in this subsection during any 12-month period unless
16 a rate filing, when combined with any other rate filing or
17 filings within the same individual line of insurance made by
18 an insurer the preceding 12 months, does not result in an
19 overall statewide increase or decrease of more than 15 percent
20 in the aggregate for all coverages that are subject to the
21 filing. Each territorial rate increase shall be supported by
22 actuarial indications at the territorial level. A rate
23 increase for liability, comprehensive, or collision coverage
24 shall be supported separately by actuarial indications.

25 (b) Rate filings falling outside of the limitation
26 provided for in subsection (a) shall be subject to Sections
27 27-13-30 and 27-13-68, Code of Alabama 1975, unless the

1 filings are otherwise exempt from those provisions pursuant to
2 another section of the insurance code of this state.

3 (c) A filing submitted pursuant to subsection (a)
4 shall be considered to comply with state law. However, if the
5 Commissioner of the Department of Insurance determines that
6 the filing is unreasonably high, inadequate, or unfairly
7 discriminatory, he or she shall issue a written order
8 specifying in detail the provisions of the insurance code the
9 insurer has violated, state the reasons the filing is
10 unreasonably high, inadequate, or unfairly discriminatory, and
11 state a reasonable future date on which the filing is to be
12 considered no longer effective. An order by the commissioner
13 pursuant to this subsection that is issued more than 30 days
14 from the date on which the commissioner received the rate
15 filing is prospective only and does not affect any contract
16 issued or made before the effective date of the order. The
17 premiums of an insured shall be adjusted on the first day of
18 the next month after the commissioner issues an order
19 regarding a rate filing.

20 (d) No rate increase within the limitation specified
21 in subsection (a) may be implemented with regard to an
22 existing policy of an individual, unless the increase is
23 applied at the time of a renewal or conditional renewal of an
24 existing policy and the insurer, at least 30 days in advance
25 of the end of the insured's policy period, mails or delivers
26 to the named insured, at the address shown in the policy, a
27 written notice that discloses its intention to change the

1 rate. A notice of renewal, conditional renewal, or billing
2 statement that discloses the renewal premium applicable to the
3 policy shall be deemed to be in compliance with this
4 subsection. Payment of premium is considered consent of the
5 insured pursuant to applicable sections of the insurance code
6 requiring written consent of the insured.

7 Section 4. This act shall become effective on the
8 first day of the third month following its passage and
9 approval by the Governor, or its otherwise becoming law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Insurance 20-MAR-13

Read for the second time and placed
on the calendar..... 04-APR-13

Read for the third time and passed
as amended..... 25-APR-13

Yeas 99, Nays 0, Abstains 0

Jeff Woodard
Clerk