

1 SB278  
2 166210-1  
3 By Senator Blackwell  
4 RFD: Banking and Insurance  
5 First Read: 18-MAR-15

2  
3  
4  
5  
6  
7  
8 SYNOPSIS: Under existing law, a rate filing made by  
9 an insurer of personal lines insurance written on  
10 risks in this state that provides for an overall  
11 statewide rate increase or decrease takes effect  
12 upon approval by the Commissioner of Insurance.

13 This bill would provide that such a rate  
14 filing for private personal automobile insurance  
15 may take effect the date it is filed.

16 This bill would provide that a filing  
17 submitted pursuant to this act shall be considered  
18 in compliance with state law unless the  
19 Commissioner of the Department Insurance  
20 determines that the filing is unreasonably high,  
21 inadequate, or unfairly discriminatory.

22  
23 A BILL  
24 TO BE ENTITLED  
25 AN ACT  
26

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

12          BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13                 Section 1. This act shall be known and may be cited  
14                 as the "Personal Automobile Insurance Market Competitiveness  
15                 Act."

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

19                 Section 3. (a) Notwithstanding the provisions of  
20                 Sections 27-13-30 and 27-13-68, Code of Alabama 1975, a filing  
21                 per individual line of insurance made by an insurer under this  
22                 section that provides for an overall statewide rate increase  
23                 or decrease of no more than 15 percent in the aggregate for  
24                 all coverages that are subject to the filing may take effect  
25                 the date it is filed. The 15 percent limitation may not apply  
26                 on an individual insured basis. An insured may not be  
27                 subjected to a rate of increase of more than 25 percent at

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

18 (b) Rate filings falling outside of the limitation  
19 provided for in subsection (a) shall be subject to Sections  
20 27-13-30 and 27-13-68, Code of Alabama 1975, unless the  
21 filings are otherwise exempt from those provisions pursuant to  
22 another section of the insurance code of this state.

23 (c) A filing submitted pursuant to subsection (a)  
24 shall be considered to comply with state law. However, if the  
25 Commissioner of the Department of Insurance determines that  
26 the filing is unreasonably high, inadequate, or unfairly  
27 discriminatory, he or she shall issue a written order

1 specifying in detail the provisions of the insurance code the  
2 insurer has violated, state the reasons the filing is  
3 unreasonably high, inadequate, or unfairly discriminatory, and  
4 state a reasonable future date on which the filing is to be  
5 considered no longer effective. An order by the commissioner  
6 pursuant to this subsection that is issued more than 30 days  
7 from the date on which the commissioner received the rate  
8 filing is prospective only and does not affect any contract  
9 issued or made before the effective date of the order. The  
10 premiums of an insured shall be adjusted on the first day of  
11 the next month after the commissioner issues an order  
12 regarding a rate filing.

13 (d) No rate increase within the limitation specified  
14 in subsection (a) may be implemented with regard to an  
15 existing policy of an individual, unless the increase is  
16 applied at the time of a renewal or conditional renewal of an  
17 existing policy and the insurer, at least 30 days in advance  
18 of the end of the insured's policy period, mails or delivers  
19 to the named insured, at the address shown in the policy, a  
20 written notice that discloses its intention to change the  
21 rate. A notice of renewal, conditional renewal, or billing  
22 statement that discloses the renewal premium applicable to the  
23 policy shall be deemed to be in compliance with this  
24 subsection. Payment of premium is considered consent of the  
25 insured pursuant to applicable sections of the insurance code  
26 requiring written consent of the insured.

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