

1 HB279
2 189341-3
3 By Representatives Davis, Shiver, Faust, Wilcox, Williams
4 (JW), Buskey, Jackson, Sessions, Howard, Clarke, Forte,
5 Drummond and Baker
6 RFD: Insurance
7 First Read: 23-JAN-18

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2 ENROLLED, An Act,

3 Relating to insurance; to amend Sections 27-31D-1
4 and 27-31D-2, Code of Alabama 1975; to remove the requirement
5 that insurance customers submit copies of construction records
6 to insurers to qualify for premium discounts for properties
7 certified as meeting certain fortified building standards and
8 to require instead for the submission of evidence of
9 construction certification.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Sections 27-31D-1 and 27-31D-2, Code of
12 Alabama 1975, are amended to read as follows:

13 "§27-31D-1.

14 "(a) Commencing on May 14, 2009, insurance companies
15 shall provide a premium discount or insurance rate reduction
16 in an amount and manner as established in subsection (d) and
17 pursuant to Section 27-31D-3. In addition, insurance companies
18 may also offer additional adjustments in deductible, other
19 credit rate differentials, or a combination thereof,
20 collectively referred to as adjustments. These adjustments
21 shall be available under the terms specified in this section
22 to any owner who builds or locates a new insurable property,
23 in the State of Alabama, to resist loss due to hurricane or
24 other catastrophic windstorm events.

1 "(b) To obtain the adjustment provided in this
2 section, an insurable property located in this state shall be
3 certified as constructed in accordance with either of the
4 following:

5 "(1) The ~~the~~ 2006 International Residential Code, as
6 amended, including all hurricane mitigation construction
7 requirements~~, or.~~

8 "(2) The ~~the~~ Fortified For Safe Living Standards
9 (FFSLS), as may from time to time be adopted by the Institute
10 for Business and Home Safety (IBHS), or a successor entity, or
11 the Fortified Commercial Standard (FCS), as, from time to
12 time, may be adopted by ~~the Institute for Business and Home~~
13 ~~Safety or a successor entity~~ IBHS.

14 "(c) An insurable property shall be certified as
15 conforming to the applicable building code only after an
16 inspection of the insurable property has been satisfactorily
17 completed by a certified or licensed building inspector and
18 certified to be conforming to the applicable building code
19 including all hurricane or high wind and hail mitigation
20 construction requirements.

21 "(d) An insurable property shall be certified as
22 conforming to FFSLS or FCS criteria only after inspection and
23 certification by an ~~FFSLS or FCS~~ IBHS certified inspector.

24 "~~(c)~~ (e) An owner of insurable property claiming an
25 adjustment pursuant to ~~this section~~ subsection (c) and

1 subdivision (1) of subsection (b) shall maintain ~~sufficient~~
2 certification records and construction records including, ~~but~~
3 ~~not limited to,~~ a certification of compliance with the
4 applicable building code ~~or FFSLs or FCS criteria~~ provided in
5 subdivision (1) of subsection (b), receipts from contractors,
6 receipts for materials, and records from local building
7 officials.

8 "(f) An owner of insurable property claiming an
9 adjustment pursuant to subsection (d) and subdivision (2) of
10 subsection (b) shall maintain the IBHS certification
11 documentation, which shall be considered proof of compliance
12 with the FFSLs or FCS requirements described in subsection (d)
13 and subdivision (2) of subsection (b).

14 "(g) The records required by this section shall be
15 subject to audit by the Commissioner of Insurance, or his or
16 her representatives, ~~and copies of any such records.~~

17 "(h) Evidence of IBHS certification as provided for
18 in subsection (d) and subdivision (2) of subsection (b) shall
19 be presented to the insurer or potential insurer of a property
20 owner before the adjustment becomes effective for the
21 insurable property.

22 "(i) The records required to be maintained by
23 subsection (e) shall be presented to the insurer or potential
24 insurer of a property owner before the adjustment becomes
25 effective for the insurable property.

1 "~~(d)~~ (j) Insurers required to submit rates and rating
2 plans to the commissioner shall submit an actuarially
3 justified rating plan for any person who builds an insurable
4 property to comply with the sets of requirements of ~~subsection~~
5 ~~(b)~~ this section. An insurer is not required to provide the
6 same amount of adjustment for a building code insurable
7 property as the insurer would to an FFSLs or FCS insurable
8 property. An adjustment shall only apply to policies that
9 provide wind coverage and may apply to that portion of the
10 premium for wind coverage or to the total premium if the
11 insurer does not separate out its premium for wind coverage in
12 its rate filing. The adjustment shall apply exclusively to the
13 premium designated for the improved insurable property. In
14 addition to the requirements of this section, an insurer may
15 voluntarily offer any other mitigation adjustment that the
16 insurer deems appropriate.

17 "§27-31D-2.

18 "(a) Commencing on May 14, 2009, insurance companies
19 shall provide a premium discount or insurance rate reduction
20 in an amount and manner as established in subsection (d) and
21 pursuant to Section 27-31D-3. In addition, insurance companies
22 may also offer additional adjustments in deductible, other
23 credit rate differentials, or a combination thereof,
24 collectively referred to as adjustments. These adjustments
25 shall be available under the terms specified in this section

1 to any owner who retrofits his or her insurable property
2 located in the State of Alabama to resist loss due to
3 hurricane or other catastrophic windstorm events.

4 "(b) To obtain the adjustment provided in this
5 section, an insurable property shall be retrofitted to any of
6 the following:

7 "(1) The ~~the~~ Fortified Home: Hurricane Standards
8 (FHH), or the Fortified Home: Highwind and Hail Standards
9 (FHWH) requirements as may from time to time be adopted by the
10 Institute for Business and Home Safety (IBHS), or a successor
11 entity, ~~or other.~~

12 "(2) Another mitigation program, or other
13 construction technique, or other standardized code which may
14 be submitted by each insurer and approved by the commissioner.

15 "(3) Zone three HUD code manufactured homes shall
16 also be retrofitted as defined in the Fortified
17 Home-Hurricane: Manufactured/Modular Home Guidelines (FHHM)
18 requirements as may from time to time be adopted by the
19 ~~Institute for Business and Home Safety~~ IBHS.

20 "(c) An insurable property shall be certified as
21 conforming to Fortified Commercial Standard or Fortified Home
22 requirements only after inspection and certification by an ~~FCS~~
23 ~~or Fortified Home~~ IBHS certified inspector.

24 "(d) Certification of conformity of an insurable
25 property with the other mitigation program, other construction

1 technique, or other standardized code shall be made only by a
2 certified or licensed building inspector.

3 ~~"(c)~~ (e) An owner of insurable property claiming an
4 adjustment pursuant to ~~this section~~ subsection (d) and
5 subdivision (2) of subsection (b) shall maintain ~~sufficient~~
6 certification records and construction records including, ~~but~~
7 ~~not limited to,~~ a certification of compliance with the
8 mitigation program, construction technique, or standardized
9 building code, as applicable, ~~or FCS or Fortified Home~~ as
10 provided in subdivision (2) of subsection (b), receipts from
11 contractors, receipts for materials, and records from local
12 building officials. The records shall be subject to audit by
13 the commissioner, or his or her representatives, and copies of
14 ~~any such~~ the records shall be presented to the insurer or
15 potential insurer of a property owner before the adjustment
16 becomes effective for the insurable property.

17 "(f) An owner of insurable property claiming an
18 adjustment pursuant to subsection (c) and subdivision (1) or
19 (3) of subsection (b) shall maintain the IBHS certification
20 documentation, which shall be considered proof of compliance
21 with the FCS or Fortified Home requirements described in
22 subsection (c) and subdivision (1) or (3) of subsection (b).
23 The certification shall be presented to the insurer or
24 potential insurer of a property owner before the adjustment
25 becomes effective for the insurable property.

1 "~~(d)~~ (g) Insurers required to submit rates and rating
2 plans to the commissioner shall submit actuarially justified
3 rating plans for any person who retrofits an insurable
4 property to comply with the sets of alternatives provided in
5 subsection (b). The adjustment shall only apply to policies
6 that provide wind coverage and may apply to that portion of
7 the premium for wind coverage or to the total premium if the
8 insurer does not separate out its premium for wind coverage in
9 its rate filing. The adjustment shall apply exclusively to the
10 premium designated for the improved insurable property. In
11 addition to the requirements of this section, an insurer may
12 voluntarily offer any other mitigation adjustment that the
13 insurer deems appropriate."

14 Section 2. This act shall become effective
15 immediately following its passage and approval by the
16 Governor, or its otherwise becoming law.

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in
and was passed by the House 15-FEB-18.

Jeff Woodard
Clerk

Senate

08-MAR-18

Passed