HB279

189341-3

By Representatives Davis, Shiver, Faust, Wilcox, Williams (JW), Buskey, Jackson, Sessions, Howard, Clarke, Forte, Drummond and Baker

RFD: Insurance

First Read: 23-JAN-18

<u>ENROLLED</u>, An Act,

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

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

"§27-31D-1.

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

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

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

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

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

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

"~~(c)~~(e) An owner of insurable property claiming an adjustment pursuant to ~~this section~~ subsection (c) and subdivision (1) of subsection (b) shall maintain ~~sufficient~~ certification records and construction records including~~, but not limited to,~~ a certification of compliance with the applicable building code ~~or FFSLS or FCS criteria~~ provided in subdivision (1) of subsection (b), receipts from contractors, receipts for materials, and records from local building officials.

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

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

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

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

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

"§27-31D-2.

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

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

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

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

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

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

"(d) Certification of conformity of an insurable property with the other mitigation program, other construction technique, or other standardized code shall be made only by a certified or licensed building inspector.

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

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

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

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

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