



**BOB RILEY  
GOVERNOR**

**STATE OF ALABAMA  
DEPARTMENT OF INSURANCE  
201 MONROE STREET, SUITE 1700  
POST OFFICE BOX 303351  
MONTGOMERY, ALABAMA 36130-3351  
TELEPHONE: (334) 269-3550  
FACSIMILE: (334) 241-4192  
INTERNET: [www.aldoi.gov](http://www.aldoi.gov)**

**WALTER A. BELL  
COMMISSIONER**  
ASSISTANT COMMISSIONER  
REN WHEELER  
DEPUTY COMMISSIONER  
D. DAVID PARSONS  
CHIEF EXAMINER  
RICHARD L. FORD  
STATE FIRE MARSHAL  
EDWARD S. PAULK  
GENERAL COUNSEL  
REYN NORMAN  
RECEIVER  
DENISE B. AZAR  
LICENSING MANAGER  
JIMMY W. GUNN

**BULLETIN**

**TO:** All Property and Casualty Insurers Admitted in Alabama  
**FROM:** Walter A. Bell, Commissioner   
**DATE:** February 14, 2008  
**RE:** Offering or Renewing Homeowners Insurance Conditioned on the Insured Buying or Having Other Insurance with Insurer

---

The Alabama Trade Practices Law prohibits an insurer from paying or giving any valuable consideration or inducement not specified in the policy as an inducement to the purchase of insurance. Ala. Code §§ 27-12-12(a), 27-12-14(a). The Law generally prohibits acts, practices, or methods of competition in the conduct of the business of insurance that are, or are determined to be, unfair or deceptive.

The Department construes these provisions and the general intent of the Trade Practices Law as prohibiting a property and casualty insurer from directly or indirectly requiring an insurance customer to purchase additional types of insurance (such as life insurance or automobile insurance) from the insurer or its affiliates as an express or implied condition to the customer's ability to obtain homeowners insurance coverage from that insurer. These provisions are also violated if an insurer predicates a decision to renew an existing homeowners insurance policy on whether the insured had in effect other insurance business with the insurer or its affiliates as of a specific prior date. An insured may reasonably infer that homeowners insurance was renewed because of the supporting business and that a supporting business condition would again be implemented the next time the insurer can decide whether to renew the policy, thus inducing the insured to maintain the supporting business with the insurer or its affiliates.

An insurer is not prohibited from requiring that a customer have coverage on a primary residence through the insurer as a condition for coverage on a secondary residence.

Any insurer that is engaging in these practices, or has engaged in them at any time in the last twelve months, must so inform the Department within ten days of the date of this bulletin, and must immediately cease such practices, to include rescission of any non-renewal notice.

WAB/JFM/bc