

1 SB1  
2 109454-7  
3 By Senators Brooks, Glover, and Pittman  
4 RFD: Banking and Insurance  
5 First Read: 03-FEB-09  
6 PFD: 06/09/2008

ACT# 2009-500



1 SB1

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4 ENROLLED, An Act,

5 Relating to homeowners insurance; to provide an  
6 insurance premium discount or insurance rate reduction for  
7 homeowners who build, rebuild, or retrofit an insurable  
8 property to better resist hurricane or other catastrophic  
9 windstorm events.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. (a) Commencing on the effective date of  
12 this act, insurance companies shall provide a premium discount  
13 or insurance rate reduction in an amount and manner as  
14 established in subsection (d) and pursuant to Section 3. In  
15 addition, insurance companies may also offer additional  
16 adjustments in deductible, other credit rate differentials, or  
17 a combination thereof, collectively referred to as  
18 adjustments. These adjustments shall be available under the  
19 terms specified in this section to any owner who builds or  
20 locates a new insurable property, in any county contiguous to  
21 the Gulf of Mexico and Mobile Bay, to resist loss due to  
22 hurricane or other catastrophic windstorm events.

23 (b) To obtain the adjustment provided in this  
24 section, an insurable property located in this state shall be  
25 certified as constructed in accordance with the 2006

1 International Residential Code, as amended, including all  
2 hurricane mitigation construction requirements, or the  
3 Fortified For Safe Living Standards (FFSLS), as may from time  
4 to time be adopted by the Institute for Business and Home  
5 Safety. An insurable property shall be certified as conforming  
6 to the applicable building code only after an inspection of  
7 the insurable property has been satisfactorily completed by a  
8 certified or licensed building inspector and certified to be  
9 conforming to the applicable building code including all  
10 hurricane mitigation construction requirements. An insurable  
11 property shall be certified as conforming to FFSLS criteria  
12 only after inspection and certification by an FFSLS certified  
13 inspector.

14 (c) An owner of insurable property claiming an  
15 adjustment pursuant to this section shall maintain sufficient  
16 certification records and construction records including, but  
17 not limited to, a certification of compliance with the  
18 applicable building code or FFSLS criteria provided in  
19 subsection (b), receipts from contractors, receipts for  
20 materials, and records from local building officials. The  
21 records shall be subject to audit by the Commissioner of  
22 Insurance, or his or her representatives, and copies of any  
23 such records 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) 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). An insurer is not required to provide the same amount of  
6 adjustment for a building code insurable property as the  
7 insurer would to an FFSLs insurable property. An adjustment  
8 shall only apply to policies that provide wind coverage and  
9 may apply to that portion of the premium for wind coverage or  
10 to the total premium if the insurer does not separate out its  
11 premium for wind coverage in its rate filing. The adjustment  
12 shall apply exclusively to the premium designated for the  
13 improved insurable property. In addition to the requirements  
14 of this section, an insurer may voluntarily offer any other  
15 mitigation adjustment that the insurer deems appropriate.

16           Section 2. (a) Commencing on the effective date of  
17 this act, insurance companies shall provide a premium discount  
18 or insurance rate reduction in an amount and manner as  
19 established in subsection (d) and pursuant to Section 3. In  
20 addition, insurance companies may also offer additional  
21 adjustments in deductible, other credit rate differentials, or  
22 a combination thereof, collectively referred to as  
23 adjustments. These adjustments shall be available under the  
24 terms specified in this section to any owner who retrofits his  
25 or her insurable property, in any county contiguous to the

1 Gulf of Mexico and Mobile Bay, to resist loss due to hurricane  
2 or other catastrophic windstorm events.

3 (b) To obtain the adjustment provided in this  
4 section, an insurable property shall be retrofitted to Level  
5 One, Level Two, or Level Three, all as defined in the  
6 Fortified Existing Homes requirements as may from time to time  
7 be adopted by the Institute for Business and Home Safety, or  
8 other mitigation program, or other construction technique, or  
9 other standardized code which may be submitted by each insurer  
10 and approved by the commissioner. Zone three HUD code  
11 manufactured homes shall also be retrofitted as defined in the  
12 Fortified Existing Home requirements as may from time to time  
13 be adopted by the Institute for Business and Home Safety. An  
14 insurable property shall be certified as conforming to  
15 Fortified Existing Home requirements only after inspection and  
16 certification by an FFSLS certified inspector. Certification  
17 of conformity of an insurable property with the other  
18 mitigation program, other construction technique, or other  
19 standardized code shall be made only by a certified or  
20 licensed building inspector.

21 (c) An owner of insurable property claiming an  
22 adjustment pursuant to this section shall maintain sufficient  
23 certification records and construction records including, but  
24 not limited to, a certification of compliance with the  
25 mitigation program, construction technique, or standardized

1 building code, as applicable, or FFSLs as provided in  
2 subsection (b), receipts from contractors, receipts for  
3 materials, and records from local building officials. The  
4 records shall be subject to audit by the commissioner, or his  
5 or her representatives, and copies of any such records shall  
6 be presented to the insurer or potential insurer of a property  
7 owner before the adjustment becomes effective for the  
8 insurable property.

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

22 Section 3. For the purposes of this act, the term  
23 "insurable property" includes single family residential  
24 property. "Insurable property" also includes modular homes  
25 satisfying the codes, standards, or techniques as provided in

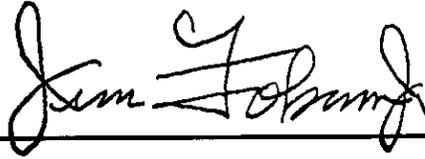
1 Section 1 or Section 2. Manufactured homes or mobile homes are  
2 excluded, except as expressly provided in subsection (b) of  
3 Section 2.

4 Section 4. This act shall only apply to new  
5 insurance policies written or existing policies renewed on or  
6 after the first day of the twelfth month following the  
7 effective date of this act.

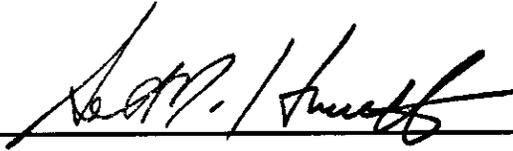
8 Section 5. The Department of Insurance shall  
9 promulgate such rules as are necessary to implement and  
10 administer this act.

11 Section 6. This act shall become effective  
12 immediately following its passage and approval by the  
13 Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate



Speaker of the House of Representatives

SB1

Senate 09-APR-09

I hereby certify that the within Act originated in and passed the Senate, as amended.

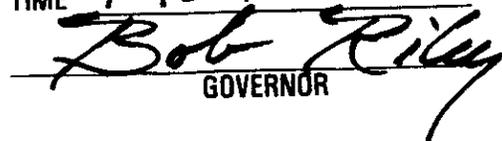
McDowell Lee  
Secretary

House of Representatives  
Passed: 06-MAY-09

By: Senator Brooks

APPROVED May 14, 2009

TIME 7:42 a.m.

  
GOVERNOR

Alabama Secretary Of State

Act Num....: 2009-500  
Bill Num...: S-1