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BULLETIN NO. 2013-07

TO: All admitted insurers authorized to write property and casualty insurance in Alabama

FROM: Jim L. Ridling
Commissioner of Insurance 

DATE: September 20, 2013

RE: Modification to Alabama Bulletins 2010-03 and 2009-07 – Premium discounts or rate reductions for one- or two-family dwellings

EFFECTIVE: Policies issued on or after July 1, 2014

RELATED: Bulletin 2009-07 (September 18, 2009) – modified
Bulletin 2010-03 (April 20, 2010) - modified

This Bulletin modifies Department of Insurance Bulletin 2009-07 (September 18, 2009), as modified by Bulletin 2010-03 (April 20, 2010), relating to implementation of Ala. Code §§ 27-31D-1 *et seq.* (2009) (Alabama Act 2009-500).

1. **Revised Wind Mitigation Discounts.** Based on updated hurricane models, the Department has revised its benchmark discounts, as originally provided in the referenced 2009 and 2010 bulletins, to those stated in the table below. There are two differences in these benchmark discounts compared to those provided in the earlier bulletins:

(a) The revised benchmark discounts only apply to the wind portion of the policy premium. Insurers must take the appropriate steps to apply them equitably if the insurer only provides an indivisible premium for the policy, and this adjustment must be supported in the insurer's rate filing.

(b) These discounts **are not to be subject to any "total maximum credits" rule** filed by an insurer. If an insured retrofits an existing home or builds a new home to the IBHS FORTIFIED® standards, or builds a new home to standards in the 2006 (or later) International Residential Code®, the insured must receive the entire filed mitigation discount on the wind premium.

2. **Effective dates.** The revised benchmark discounts apply to all new and renewal policies effective on and after **July 1, 2014**, though an insurer may choose to adopt them earlier.

3. **Filing requirements.** Each insurer is required to have filed and approved discounts, **specifically for each of the categories listed on the following benchmark table.** If an insurer elects to file discounts different from the benchmark discounts, the filing shall include actuarial justification for the proposed discounts. Insurers are permitted to file additional construction component discounts (e.g., for opening protections, roof shape, etc.) that apply **in addition to, but not in place of,** the discounts for the above mentioned mitigation categories. An insurer must submit a SERFF™ filing indicating its new discounts, and provide a revised manual including the new discounts.

No other provisions of Bulletins 2009-07 and 2010-03 are affected by this Bulletin.

ALABAMA WIND MITIGATION BENCHMARK DISCOUNTS

(Applicable to Wind Premium)

These discounts are not to be subject to any “total maximum credits” rule.

<u>Mitigation Category</u>	<u>EXISTING HOME ROOF > 5 Yrs.</u>	<u>EXISTING HOME ROOF ≤ 5 Yrs.</u>	<u>NEW HOME ≤ 5 Yrs.</u>
FORTIFIED for Safer Living®	50%	60%	60%
FORTIFIED Home™: GOLD	40%	50%	50%
FORTIFIED Home™: SILVER	35%	45%	45%
FORTIFIED Home™: BRONZE	20%	35%	35%
2006 IRC or later	10%	20%	20%

Questions concerning this Bulletin may be directed to:

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- or -

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