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3 HOUSE WMG COMMITTEE SUBSTITUTE TO HB440
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8 SYNOPSIS: Under existing law, credits against
9 insurance premium taxes are provided for private
10 property insurance carriers who write homeowners
11 insurance policies which include wind coverage in
12 the counties of Alabama which are contiguous to the
13 Gulf of Mexico and Mobile Bay, but only where at
14 the time of the writing of the private policies the
15 property was insured under the Alabama Insurance
16 Underwriting Association, in an amount of 20
17 percent of the insurance premium tax otherwise due
18 in Zone 4, and 35 percent of the insurance premium
19 tax otherwise due in Zones 1, 2, and 3.

20 This bill would create the Alabama Coastal
21 Insurance Reform Act of 2014.

22 This bill would revise existing law to
23 provide credits in an amount of 20 percent of the
24 insurance premium tax otherwise due in Zones B4,
25 B5, M4, M5, or successor zones, and 35 percent of
26 the insurance premium tax otherwise due in Zones

1 Gulf Front, B1, B2, B3, M1, M2, M3, or successor
2 zones.

3 This bill would also delete the requirement
4 that an insurance carrier provide the homeowner a
5 premium payment that is at a minimum 12 percent
6 less than the premium amount paid by the homeowner
7 under the Alabama Wind Pool Plan to qualify for the
8 credit.

9
10 A BILL
11 TO BE ENTITLED
12 AN ACT

13
14 To amend Section 27-1-24.1, Code of Alabama 1975,
15 relating to credits against insurance premium taxes for
16 private property insurance carriers who write homeowners
17 insurance policies which include wind coverage in the counties
18 of Alabama which are contiguous to the Gulf of Mexico and
19 Mobile Bay, but only where at the time of the writing of the
20 private policies the property was insured under the Alabama
21 Insurance Underwriting Association; to name the section the
22 Alabama Coastal Insurance Reform Act of 2014; to change the
23 zones in which the credits are available; and to delete the
24 requirement that an insurance carrier provide the homeowner a
25 premium payment that is at a minimum 12 percent less than the
26 premium amount paid by the homeowner under the Alabama Wind
27 Pool Plan to qualify for the credit.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Section 27-1-24.1, Code of Alabama 1975,
3 as amended by this act, shall be known and cited as the
4 Alabama Coastal Insurance Reform Act of 2014.

5 Section 2. Section 27-1-24.1 of the Code of Alabama
6 1975, is amended to read as follows:

7 "§27-1-24.1.

8 "(a) Insurance carriers providing full property and
9 casualty coverage, to specifically include wind and hail
10 coverage, to property owners within the areas defined in
11 Section 27-1-24, including any portion of the area as it may
12 be expanded from time to time pursuant to Section 27-1-27, but
13 only on properties that as of the time of writing are insured
14 for wind coverage through the Alabama Insurance Underwriting
15 Association, may claim as a nonrefundable credit against the
16 insurance premium tax imposed by Chapter 4A of this title, in
17 an amount equal to 20 percent of the insurance premium tax
18 otherwise due on the premium written for the property owners
19 for the taxable year in ~~Zone 4~~ B4, B5, M4, M5, or successor
20 zones; and 35 percent of the insurance premium tax otherwise
21 due on the premium written for the property owners for the
22 taxable year in ~~Zones 1, 2, and 3~~ Zones Gulf Front, B1, B2,
23 B3, M1, M2, M3, or successor zones.

24 "(b) The credit allowed by this section is available
25 only to an insurer licensed or authorized to do business in
26 this state with respect to a property and casualty insurance
27 policy providing full coverage as defined in subsection (a).

1 "(c) A licensed insurer who claims the credit
2 allowed by this section shall provide information required by
3 the Department of Insurance to demonstrate that the taxpayer
4 is eligible for the credit and that the amount paid for
5 premiums for which the credit is claimed was not excluded from
6 the licensed insurer's gross income for the taxable year.

7 "(d) The tax credit allowed under this section for a
8 taxable year may be claimed only once for any one structure,
9 regardless of the number of policies written on the structure.

10 "(e) The department shall take the action necessary
11 to monitor and examine the use of the credit claims under this
12 section.

13 "(f) This section applies to all new policies issued
14 with an effective date after ~~August 1, 2012~~ the effective date
15 of the act amending this subsection.

16 "~~(g) In order to qualify for the credits~~
17 ~~contemplated in this section, an insurance carrier shall~~
18 ~~provide the homeowner a premium payment that is at a minimum~~
19 ~~12 percent less than the premium amount paid by the homeowner~~
20 ~~under the Alabama Wind Pool Plan."~~

21 Section 3. This act shall become effective on the
22 first day of the third month following its passage and
23 approval by the Governor, or its otherwise becoming law.