

1 HB279  
2 189341-2  
3 By Representatives Davis, Shiver, Faust, Wilcox,  
4 Williams (JW), Buskey, Jackson, Sessions, Howard, Clarke,  
5 Forte, Drummond and Baker  
6 RFD: Insurance  
7 First Read: 23-JAN-18

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8 SYNOPSIS: Under existing law, an insurance customer  
9 may receive a premium discount for meeting certain  
10 construction standards designed to make a home  
11 resistant to strong winds if the home is certified  
12 as meeting the standards adopted by the Institute  
13 for Business and Home Safety (IBHS) or other  
14 building code requirements. Existing law also  
15 requires the insurance customer to submit copies of  
16 construction records to insurers to qualify for the  
17 premium discount.

18 This bill would, for those properties  
19 certified as meeting the IBHS standards, remove the  
20 requirement for customers to submit copies of  
21 construction records to insurers to qualify for  
22 premium discounts and, for those IBHS certified  
23 properties, require instead submission of evidence  
24 of certification.

25  
26 A BILL  
27 TO BE ENTITLED

1 AN ACT

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

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

13 "§27-31D-1.

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

25 "(b) To obtain the adjustment provided in this  
26 section, an insurable property located in this state shall be

1 certified as constructed in accordance with either of the  
2 following:

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

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

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

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

22 "~~(c)~~ (e) An owner of insurable property claiming an  
23 adjustment pursuant to ~~this section~~ subsection (c) and  
24 subdivision (1) of subsection (b) shall maintain ~~sufficient~~  
25 certification records and construction records including, ~~but~~  
26 ~~not limited to,~~ a certification of compliance with the  
27 applicable building code ~~or FFSLS or FCS criteria~~ provided in

1 subdivision (1) of subsection (b), receipts from contractors,  
2 receipts for materials, and records from local building  
3 officials.

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

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

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

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

22 ~~"(d)(j)~~ Insurers required to submit rates and rating  
23 plans to the commissioner shall submit an actuarially  
24 justified rating plan for any person who builds an insurable  
25 property to comply with the sets of requirements of ~~subsection~~  
26 ~~(b)~~ this section. An insurer is not required to provide the  
27 same amount of adjustment for a building code insurable

1 property as the insurer would to an FFSLS or FCS insurable  
2 property. An adjustment shall only apply to policies that  
3 provide wind coverage and may apply to that portion of the  
4 premium for wind coverage or to the total premium if the  
5 insurer does not separate out its premium for wind coverage in  
6 its rate filing. The adjustment shall apply exclusively to the  
7 premium designated for the improved insurable property. In  
8 addition to the requirements of this section, an insurer may  
9 voluntarily offer any other mitigation adjustment that the  
10 insurer deems appropriate.

11 "§27-31D-2.

12 "(a) Commencing on May 14, 2009, insurance companies  
13 shall provide a premium discount or insurance rate reduction  
14 in an amount and manner as established in subsection (d) and  
15 pursuant to Section 27-31D-3. In addition, insurance companies  
16 may also offer additional adjustments in deductible, other  
17 credit rate differentials, or a combination thereof,  
18 collectively referred to as adjustments. These adjustments  
19 shall be available under the terms specified in this section  
20 to any owner who retrofits his or her insurable property  
21 located in the State of Alabama 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 shall be retrofitted to any of  
25 the following:

26 "(1) The ~~the~~ Fortified Home: Hurricane Standards  
27 (FHH), or the Fortified Home: Highwind and Hail Standards

1 (FHWH) requirements as may from time to time be adopted by the  
2 Institute for Business and Home Safety (IBHS), or a successor  
3 entity,~~or other.~~

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

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

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

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

20 "~~(c)~~(e) An owner of insurable property claiming an  
21 adjustment pursuant to ~~this section~~ subsection (d) and  
22 subdivision (2) of subsection (b) 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  
26 building code, as applicable, ~~or FCS or Fortified Home~~ as  
27 provided in subdivision (2) of subsection (b), receipts from

1 contractors, receipts for materials, and records from local  
2 building officials. The records shall be subject to audit by  
3 the commissioner, or his or her representatives, and copies of  
4 ~~any such~~ the records shall be presented to the insurer or  
5 potential insurer of a property owner before the adjustment  
6 becomes effective for the insurable property.

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

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



1 voluntarily offer any other mitigation adjustment that the  
2 insurer deems appropriate."

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