

1 SB353
2 175414-1
3 By Senators Hightower, Figures, Glover and Albritton
4 RFD: Banking and Insurance
5 First Read: 15-MAR-16

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8 SYNOPSIS: Under existing law, insurance premium
9 finance companies finance insurance premiums.

10 This bill would authorize insurance premium
11 finance companies to also provide financing for the
12 charges for wind mitigation construction subject to
13 approval by the Commissioner of Insurance.

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15 A BILL
16 TO BE ENTITLED
17 AN ACT

18
19 Relating to insurance premium finance companies; to
20 amend Sections 27-40-1 and 27-40-8 of the Code of Alabama
21 1975, to authorize the companies to provide wind mitigation
22 construction financing, subject to approval by the
23 Commissioner of Insurance.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. Sections 27-40-1 and 27-40-8 of the Code
26 of Alabama 1975, are amended to read as follows:

27 "§27-40-1.

1 "For the purposes of this chapter, the following
2 words and phrases shall have the following meanings:

3 "(1) INSURANCE PREMIUM FINANCE COMPANY. A person
4 engaged in the business of entering into premium finance
5 agreements.

6 "(2) PREMIUM FINANCE AGREEMENT. An agreement by
7 which an insured or prospective insured promises to pay to a
8 premium finance company the amount advanced or to be advanced
9 under the agreement to an insurer or to an insurance agent or
10 broker in payment of premiums on an insurance contract
11 together with a service charge, as authorized and limited by
12 this chapter.

13 "(3) LICENSEE. A premium finance company holding a
14 license issued under this chapter, and charges for wind
15 mitigation construction financing subject to approval by the
16 commissioner.

17 "(4) PERSON. An individual, partnership,
18 association, business corporation, nonprofit corporation,
19 common law trust, joint-stock company, or any other group of
20 individuals however organized.

21 "(5) INSURANCE CONTRACT. The policy or contract of
22 insurance which is the subject of premium financing under this
23 chapter.

24 "(6) WIND MITIGATION CONSTRUCTION FINANCING. A
25 construction loan agreement between the homeowner/policyholder
26 under the policy or contract of homeowner insurance that is
27 the subject of premium financing under this chapter, and an

1 authorized lender for the purpose of wind mitigation upgrades
2 to the insured home.

3 "§27-40-8.

4 "(a) The contents and style of the premium finance
5 agreement shall be as follows:

6 "(1) It shall be dated, signed by the insured or an
7 authorized representative and the printed portion thereof
8 shall be in at least eight-point type.

9 "(2) It shall contain the name and place of business
10 of the insurance agent negotiating the related insurance
11 contract, the name and residence, or place of business, of the
12 insured as specified by the insured, the name and place of
13 business of the premium finance company to which payments are
14 to be made, a description of the insurance contracts or wind
15 mitigation construction financing involved, and the amount of
16 the premium or other charges therefor.

17 "(3) It shall set forth the following items where
18 applicable:

19 "a. The total amount of the premiums and other
20 approved charges.

21 "b. The amount of the down payment.

22 "c. The principal balance, that being the difference
23 between items a. and b.

24 "d. The amount of the service charge.

25 "e. The balance payable by the insured, that being
26 the sum of items c. and d.

1 "f. The number of installments required, the amount
2 of each installment expressed in dollars, and the due date or
3 period thereof.

4 "g. The annual percentage rate (APR) charged.

5 "(b) The items set out need not be stated in the
6 sequence or order in which they appear, and additional items
7 may be included to explain the computations made in
8 determining the amount to be paid by the insured."

9 Section 2. This act shall become effective on the
10 first day of the third month following its passage and
11 approval by the Governor, or its otherwise becoming law.