

1 HB93
2 156119-1
3 By Representative Hill (M)
4 RFD: Insurance
5 First Read: 03-MAR-15

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8 SYNOPSIS: Under existing law, a rate filing made by an
9 insurer of personal lines insurance written on
10 risks in this state that provides for an overall
11 statewide rate increase or decrease takes effect
12 upon approval by the Commissioner of Insurance.

13 This bill would provide that such a rate
14 filing for private personal automobile insurance
15 may take effect the date it is filed.

16 This bill would provide that a filing
17 submitted pursuant to this act shall be considered
18 in compliance with state law unless the
19 Commissioner of the Department Insurance
20 determines that the filing is unreasonably high,
21 inadequate, or unfairly discriminatory.

22
23 A BILL
24 TO BE ENTITLED
25 AN ACT
26

1 Relating to the Department of Insurance; to provide
2 that a rate filing made by an insurer of private personal
3 automobile insurance written on risks in this state who is
4 authorized to do business in this state that provides for an
5 overall statewide rate increase or decrease of no more than 15
6 percent in the aggregate for all coverages may take effect the
7 date it is filed; and to provide that a filing submitted
8 pursuant to this act shall be considered in compliance with
9 state law unless the Commissioner of the Department of
10 Insurance determines that the filing is unreasonably high,
11 inadequate, or unfairly discriminatory.

12 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

13 Section 1. This act shall be known and may be cited
14 as the "Personal Automobile Insurance Market Competitiveness
15 Act."

16 Section 2. This act shall apply to private personal
17 automobile insurance written on risks in this state by any
18 insurer who is authorized to do business in this state.

19 Section 3. (a) Notwithstanding the provisions of
20 Sections 27-13-30 and 27-13-68, Code of Alabama 1975, a filing
21 per individual line of insurance made by an insurer under this
22 section that provides for an overall statewide rate increase
23 or decrease of no more than 15 percent in the aggregate for
24 all coverages that are subject to the filing may take effect
25 the date it is filed. The 15 percent limitation may not apply
26 on an individual insured basis. An insured may not be
27 subjected to a rate of increase of more than 25 percent at

1 renewal, but this twenty-five percent cap does not apply to
2 the portion of the premium change that is a direct result of
3 factors such as symbol updates, policy changes, a driver aging
4 from one class to another, or other changes in risk
5 classification or rating factors not altered in the filing. No
6 more than one rate filing per individual line of insurance may
7 be made by an insurer pursuant to the expedited process
8 provided in this subsection during any 12-month period unless
9 a rate filing, when combined with any other rate filing or
10 filings within the same individual line of insurance made by
11 an insurer the preceding 12 months, does not result in an
12 overall statewide increase or decrease of more than 15 percent
13 in the aggregate for all coverages that are subject to the
14 filing. Each territorial rate increase shall be supported by
15 actuarial indications at the territorial level. A rate
16 increase for liability, comprehensive, or collision coverage
17 shall be supported separately by actuarial indications.

18 (b) Rate filings falling outside of the limitation
19 provided for in subsection (a) shall be subject to Sections
20 27-13-30 and 27-13-68, Code of Alabama 1975, unless the
21 filings are otherwise exempt from those provisions pursuant to
22 another section of the insurance code of this state.

23 (c) A filing submitted pursuant to subsection (a)
24 shall be considered to comply with state law. However, if the
25 Commissioner of the Department of Insurance determines that
26 the filing is unreasonably high, inadequate, or unfairly
27 discriminatory, he or she shall issue a written order

1 specifying in detail the provisions of the insurance code the
2 insurer has violated, state the reasons the filing is
3 unreasonably high, inadequate, or unfairly discriminatory, and
4 state a reasonable future date on which the filing is to be
5 considered no longer effective. An order by the commissioner
6 pursuant to this subsection that is issued more than 30 days
7 from the date on which the commissioner received the rate
8 filing is prospective only and does not affect any contract
9 issued or made before the effective date of the order. The
10 premiums of an insured shall be adjusted on the first day of
11 the next month after the commissioner issues an order
12 regarding a rate filing.

13 (d) No rate increase within the limitation specified
14 in subsection (a) may be implemented with regard to an
15 existing policy of an individual, unless the increase is
16 applied at the time of a renewal or conditional renewal of an
17 existing policy and the insurer, at least 30 days in advance
18 of the end of the insured's policy period, mails or delivers
19 to the named insured, at the address shown in the policy, a
20 written notice that discloses its intention to change the
21 rate. A notice of renewal, conditional renewal, or billing
22 statement that discloses the renewal premium applicable to the
23 policy shall be deemed to be in compliance with this
24 subsection. Payment of premium is considered consent of the
25 insured pursuant to applicable sections of the insurance code
26 requiring written consent of the insured.

1 Section 4. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or its otherwise becoming law.