

1 HB265  
2 155562-1  
3 By Representative Wren  
4 RFD: Insurance  
5 First Read: 16-JAN-14

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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 may take effect the date it is filed.

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

21  
22 A BILL

23 TO BE ENTITLED

24 AN ACT

25  
26 Relating to the Department of Insurance; to provide  
27 that a rate filing made by an insurer of personal lines

1 insurance written on risks in this state who is authorized to  
2 do business in this state that provides for an overall  
3 statewide rate increase or decrease of no more than 12 percent  
4 in the aggregate for all coverages may take effect the date it  
5 is filed; and to provide that a filing submitted pursuant to  
6 this act shall be considered in compliance with state law  
7 unless the Commissioner of the Department of Insurance  
8 determines that the filing is unreasonably high, inadequate,  
9 or unfairly discriminatory.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. This act shall be known and may be cited  
12 as the "Property/Casualty Flex-Rating Market Competitiveness  
13 Act."

14 Section 2. This act shall apply to personal lines  
15 insurance written on risks in this state by any insurer who is  
16 authorized to do business in this state.

17 Section 3. (a) Notwithstanding the provisions of  
18 Sections 27-13-30 and 27-13-68, Code of Alabama 1975, a filing  
19 per individual line of insurance made by an insurer under this  
20 section that provides for an overall statewide rate increase  
21 or decrease of no more than 12 percent in the aggregate for  
22 all coverages that are subject to the filing may take effect  
23 the date it is filed. The 12 percent limitation may not apply  
24 on an individual insured basis. No more than one rate filing  
25 per individual line of insurance may be made by an insurer  
26 pursuant to the expedited process provided in this subsection  
27 during any 12-month period unless a rate filing, when combined

1 with any other rate filing or filings within the same  
2 individual line of insurance made by an insurer the preceding  
3 12 months, does not result in an overall statewide increase or  
4 decrease of more than 12 percent in the aggregate for all  
5 coverages that are subject to the filing.

6 (b) Rate filings falling outside of the limitation  
7 provided for in subsection (a) shall be subject to Sections  
8 27-13-30 and 27-13-68, Code of Alabama 1975, unless the  
9 filings are otherwise exempt from those provisions pursuant to  
10 another section of the insurance code of this state.

11 (c) A filing submitted pursuant to subsection (a)  
12 shall be considered to comply with state law. However, if the  
13 Commissioner of the Department of Insurance determines that  
14 the filing is unreasonably high, inadequate, or unfairly  
15 discriminatory, he or she shall issue a written order  
16 specifying in detail the provisions of the insurance code the  
17 insurer has violated, state the reasons the filing is  
18 unreasonably high, inadequate, or unfairly discriminatory, and  
19 state a reasonable future date on which the filing is to be  
20 considered no longer effective. An order by the commissioner  
21 pursuant to this subsection that is issued more than 30 days  
22 from the date on which the commissioner received the rate  
23 filing is prospective only and does not affect any contract  
24 issued or made before the effective date of the order.

25 (d) No rate increase within the limitation specified  
26 in subsection (a) may be implemented with regard to an  
27 existing policy of an individual, unless the increase is

1 applied at the time of a renewal or conditional renewal of an  
2 existing policy and the insurer, at least 30 days in advance  
3 of the end of the insured's policy period, mails or delivers  
4 to the named insured, at the address shown in the policy, a  
5 written notice that discloses its intention to change the  
6 rate. A notice of renewal, conditional renewal, or billing  
7 statement that discloses the renewal premium applicable to the  
8 policy shall be deemed to be in compliance with this  
9 subsection. Payment of premium is considered consent of the  
10 insured pursuant to applicable sections of the insurance code  
11 requiring written consent of the insured.

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