

1 HB123
2 134729-1
3 By Representative Wren
4 RFD: Insurance
5 First Read: 07-FEB-12
6 PFD: 02/02/2012

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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.