

1 SB398
2 125368-1
3 By Senators Brooks and Pittman
4 RFD: Rules
5 First Read: 14-APR-11

SYNOPSIS: Currently homeowner's insurance carriers are required to mail a complete policy to their insureds on the annual renewal date of the policy.

This bill would provide for the "Homeowner's Insurance Cost Transparency Act." The bill would require each insurance carrier of a homeowner's policy to include with each annual renewal package a clear written disclosure of the costs of each type of individual coverage provided in the policy. The costs would be expressed in both the cost for each \$1,000 of coverage, and the actual total cost of each coverage provided in the policy.

A BILL
TO BE ENTITLED
AN ACT

To provide for the Homeowner's Insurance Cost Transparency Act; to require insurance carriers of homeowner's insurance to provide in the annual renewal package issued to

1 each insured a clear written disclosure of the actual cost of
2 each type of insurance coverage contained in the policy,
3 expressed as the actual cost in each \$1,000 of item of
4 coverage, and as the actual total cost of each item of
5 coverage in the policy.

6 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

7 Section 1. This act shall be known as and may be
8 cited as the Homeowner's Insurance Cost Transparency Act.

9 Section 2. (a) In addition to any other materials,
10 forms, and disclosures required of carriers of homeowner's
11 insurance in the annual policy renewal package that is mailed
12 to insureds, the carrier shall provide a clear written
13 disclosure of the actual costs of each item of coverage
14 contained in the renewal policy. The disclosure shall express
15 the costs as the actual rate or cost per one thousand dollars
16 (\$1,000) of coverage of each item of coverage, and as the
17 actual total cost of each item of coverage.

18 (b) As an example of the requirements of subsection
19 (a), a homeowner's policy having wind coverage, fire coverage,
20 theft coverage, and liability coverage with a total premium of
21 one thousand dollars (\$1,000) for a total policy coverage
22 amount of one hundred thousand dollars (\$100,000) for a prop-
23 erty would be disclosed substantially as follows:

Rate/\$1,000 cover-

Type of Coverage	age	Total dollar cost
------------------	-----	-------------------

1	(1) Wind coverage	\$2.50/\$1,000	\$250 in this policy
2	(2) Fire coverage	\$4.00/\$1,000	\$400 in this policy
3	(3) Theft coverage	\$1.00/\$1,000	\$100 in this policy
4	(4) Liability cov-		
5	erage	\$2.50/\$1,000	\$250 in this policy

6

\$1,000 Total pre-
mium cost

7 (c) For purposes of this section, homeowner's policy
8 refers to all residential dwellings for which a resident is
9 offered insurance against risks or loss, including a
10 traditional single or multi-family residential dwelling, a
11 mobile home, or a manufactured house.

12 (d) The Insurance Commissioner is authorized to
13 adopt a standard form for the disclosure of costs required by
14 this act.

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