

1 SB230

2 125366-1

3 By Senators Brooks, Pittman, Glover, Keahen and Figures

4 RFD: Banking and Insurance

5 First Read: 07-FEB-12

1 125366-1:n:01/07/2011:KMS/tj LRS2011-65

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8 SYNOPSIS: This bill would provide an incentive to
9 private homeowner insurance carriers to encourage
10 them to write homeowners policies in certain
11 geographic areas covered by the Alabama Insurance
12 Underwriting Association. This bill would provide
13 for credits against insurance premium taxes for
14 private property insurance carriers who write
15 homeowners insurance policies which include wind
16 coverage in the counties of Alabama which are
17 contiguous to the Gulf of Mexico and Mobile Bay,
18 but only where at the time of the writing of the
19 private policies the property was insured under the
20 Alabama Insurance Underwriting Association, in an
21 amount of 20 percent of the insurance premium tax
22 otherwise due in Zone 4, and 35 percent of the
23 insurance premium tax otherwise due in Zones 1, 2,
24 and 3.

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26 A BILL

TO BE ENTITLED

AN ACT

To provide an incentive to encourage private homeowner insurance carriers to write homeowners insurance policies with wind coverage in areas covered by the Alabama Insurance Underwriting Association by providing certain insurance premium tax credits against insurance premium taxes otherwise due by private homeowner insurance carriers who write homeowners insurance policies which include wind coverage in the counties of Alabama which are contiguous to the Gulf of Mexico and Mobile Bay, but only where at the time of the writing the property was insured under the Alabama Insurance Underwriting Association, in an amount of 20 percent of the insurance premium tax otherwise due in Zone 4 and 35 percent of the tax otherwise due in Zones 1, 2, and 3.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) Insurance carriers providing full property and casualty coverage, to specifically include wind and hail coverage, to property owners within the areas defined in Section 27-1-24, Code of Alabama 1975, including any portion of the area as it may be expanded from time to time pursuant to Section 27-1-27, Code of Alabama 1975, but only on properties that as of the time of writing are insured for wind coverage through the Alabama Insurance Underwriting Association, may claim as a nonrefundable credit against the

1 insurance premium tax imposed by Chapter 4A, Title 27 of the
2 Code of Alabama 1975, in an amount equal to 20 percent of the
3 insurance premium tax otherwise due on the premium written for
4 the property owners for the taxable year in Zone 4; and 35
5 percent of the insurance premium tax otherwise due on the
6 premium written for the property owners for the taxable year
7 in Zones 1, 2, and 3.

8 (b) The credit allowed by this section is available
9 only to an insurer licensed or authorized to do business in
10 this state with respect to a property and casualty insurance
11 policy providing full coverage as defined in subsection (a).

12 (c) A licensed insurer who claims the credit allowed
13 by this section shall provide information required by the
14 Department of Insurance to demonstrate that the taxpayer is
15 eligible for the credit and that the amount paid for premiums
16 for which the credit is claimed was not excluded from the
17 licensed insurer's gross income for the taxable year.

18 (d) The tax credit allowed under this section for a
19 taxable year may be claimed only once for any one structure,
20 regardless of the number of policies written on the structure.

21 (e) The department shall take the action necessary
22 to monitor and examine the use of the credit claims under this
23 section.

24 (f) This section applies to all new policies issued
25 with an effective date after the effective date of this act.

