

1 SR39  
2 167871-1  
3 By Senators Hightower, Albritton, Glover, Pittman and Figures  
4 RFD:  
5 First Read: 16-APR-15

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8 URGING THE ALABAMA INSURANCE UNDERWRITING  
9 ASSOCIATION TO MAINTAIN ITS MEMBERS' SURPLUS AT ITS CURRENT  
10 AMOUNT TO ADEQUATELY PROTECT POLICYHOLDERS IN MOBILE AND  
11 BALDWIN COUNTIES.

12  
13 WHEREAS, the Alabama Insurance Underwriting  
14 Association (AIUA) was voluntarily formed in the early 1970s  
15 by Insurance Industry leaders in cooperation with the Alabama  
16 Department of Insurance; and

17 WHEREAS, in 2008, the Alabama Legislature codified  
18 the AIUA along with its articles of agreement, plan of  
19 operation, and rules and procedures; and

20 WHEREAS, the mission of the AIUA is to provide a  
21 market for owners of eligible property located in coastal  
22 areas of Mobile and Baldwin Counties to obtain essential  
23 insurance when they are unable to obtain coverage in the  
24 private insurance market; and

25 WHEREAS, the AIUA has successfully and efficiently  
26 served this mission for more than 40 years; and

1           WHEREAS, by design, the AIUA policies provide basic,  
2           no frills coverage at rates that are generally higher than the  
3           average rates offered in the private market for a policy  
4           providing broad coverage options; and

5           WHEREAS, a property owner will usually seek an AIUA  
6           policy as a "last resort" because they have been unable to  
7           find better coverage at lower rates elsewhere; and

8           WHEREAS, under existing law, membership in the AIUA  
9           is required for all insurers authorized and writing fire and  
10          extended coverage insurance in the State of Alabama; and

11          WHEREAS, under existing law, the Board of Directors  
12          of the AIUA is selected from its membership pursuant to the  
13          plan of operation of the association; and

14          WHEREAS, the AIUA uses independent actuaries to  
15          determine actuarially sound rates sufficient to cover  
16          operating expenses, routine claims, and the cost of purchasing  
17          reinsurance which are then filed with the Alabama Department  
18          of Insurance where they are carefully analyzed by the  
19          department before they are approved and implemented; and

20          WHEREAS, the AIUA currently provides coverage to  
21          more than 32,000 consumers in Mobile and Baldwin Counties with  
22          a total insured value of more than \$5.6 billion; and

23          WHEREAS, in the aftermath of a hurricane or  
24          significant wind, the AIUA must assess its membership if  
25          claims outpace premiums and surplus; and

1               WHEREAS, the AIUA has accumulated a strong level of  
2 surplus to protect its policyholders in Mobile and Baldwin  
3 Counties; now therefore,

4               BE IT RESOLVED BY THE SENATE OF THE LEGISLATURE OF  
5 ALABAMA, That we hereby urge the Board of Directors of the  
6 AIUA to maintain its surplus at least at the current amount in  
7 order to adequately protect policyholders in Mobile and  
8 Baldwin Counties.