HB8

K6YQAA-1

By Representative Brown

RFD: Insurance

First Read: 06-Feb-24

PFD: 01-Dec-23

SYNOPSIS:

Under existing law, there is no state law generally requiring insurers to provide a person insured under a property insurance policy with prior notice of policy cancellation, nonrenewal, or reduction of coverage.

This bill would require insurers to provide persons insured under property insurance polices at least 90 days prior written notice of a policy cancellation, nonrenewal, or coverage restriction.

This bill would also deem policy cancellation, nonrenewal, or reduction of coverage by an insurer ineffective under certain limited circumstances.

A BILL

TO BE ENTITLED

AN ACT

Relating to cancellation, nonrenewal or reduction of coverage under a property insurance policy; to require insurers to provide any person insured under a property insurance policy with certain written notice prior to cancellation, nonrenewal, or coverage restriction of the policy; and to deem cancellation, nonrenewal or coverage

restriction by an insurer ineffective under certain limited circumstances.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. (a) As used in this section, the following terms have the following meanings:

(1) COVERAGE RESTRICTION. The imposition of a new wind exclusion, hurricane or named-storm deductible, or increase of an existing hurricane or named-storm deductible.

(2) INSURER. The same meaning as defined in Section 27-1-2, Code of Alabama 1975.

(3) NONRENEWAL OF COVERAGE. Not offering to continue existing coverage.

(4) PROPERTY. Real estate used primarily for residential or commercial purposes.

(b) A cancellation, nonrenewal, or coverage restriction under a property insurance policy shall not be effective as to any policy issued or renewed on or after the effective date of this act except under the following conditions:

(1) Until the insurer delivers written notice to the named insured and any named creditor loss payee in a manner consistent with any delivery of notice requirements set forth in the policy not less than 90 days prior to the effective date of the proposed cancellation, nonrenewal, or coverage restriction.

(2) Until the passage of at least 90 days after completion of repairs to the property, if the damage was a result of a hurricane or wind loss arising from a natural disaster or a public heath emergency pursuant to Section

31-9-8, Code of Alabama 1975.

(3) Until the earlier of both of the following if the property is damaged by any covered peril and subdivision (2) does not apply:

a. The date that repairs to the property are completed.

b. One year after the insurer issues the final claim payment.

(c) This section shall not apply to cancellation of a policy for nonpayment of a premium unless there is a named creditor loss payee on the policy, in which case the cancellation shall not be effective until the insurer delivers written notice to the named insured and the creditor loss payee in a manner consistent with any delivery of notice requirements set forth in the policy not less than 10 days prior to the effective date of the proposed cancellation.

(d) All property insurance polices issued, revised, or renewed on or after the effective date of this act adding this section shall comply with subsection (b) and shall be deemed implied in any policy in which the requirements in subsection (b) are not expressly stated.

Section 2. This act shall become effective on the first day of the third month following its passage and approval by the Governor, or its otherwise becoming law.