

MOU between the Alabama Department of Insurance and the Alabama Insurance Underwriters Association (AIUA) on property insurance in Alabama's Coastal Counties

Fact Sheet

Rates:

- Reduce current Actual Cash Value policy rates 5% in Gulf Front, 15% all other Zones.
- Reduce current Replacement Cost Value policy rates 18% in Gulf Front, 27% in all other Zones.
- Overall, AIUA rates will still be actuarially adequate.

Coverage:

- Coverage enhancement will benefit the vast majority of AIUA policy holders – approximately 25,000.
- Convert majority of Actual Cash Value policies to Replacement Cost Value policies for a charge of only 2.5%, down from the current charge of 20%.
 - Replacement Cost Value policies will automatically include:
 - Additional Living Expense coverage (not previously provided)
 - Ordinance & Law coverage (not previously provided)
 - AIUA will now initially require only 80% Insurance-To-Value rather than 100% Insurance-To-Value to convert from Actual Cash Value to Replacement Cost Value coverage.
- AIUA will offer separate contents limits up to 50% of the dwelling limit.
- AIUA will offer deductibles of 1%, 2%, 5%, and 10% to everyone.

Miscellaneous:

- Add two (2) public sector representatives to the AIUA Board of Directors.
- The Alabama Department of Insurance will adopt a regulation permitting insurers to recoup AIUA assessments from their policyholders.
- The Alabama Department of Insurance will support adoption of a statewide building code.
- No assessments to AIUA policyholders.

About the Alabama Department of Insurance: An agency of the State of Alabama, the mission of the Alabama Department of Insurance is to serve the people of Alabama by regulating the insurance industry, providing consumer protection, promoting market stability, and enforcing fire safety standards and laws.

About the AIUA: The Alabama Insurance Underwriting Association (AIUA) was voluntarily formed in the early 1970's by Insurance Industry leaders in co-operation with the Alabama Department of Insurance. In 2008, the Alabama legislature codified AIUA along with its articles of agreement, plan of operation, and rules and procedures. The mission of Alabama Insurance Underwriting Association (AIUA) is to provide a market for owners of eligible property located in coastal areas of Baldwin and Mobile counties to obtain essential insurance when they are unable to obtain coverage in the private insurance market. AIUA has successfully and efficiently served this mission for more than 40 years.