

1 SB573
2 119842-3
3 By Senators Brooks and Pittman
4 RFD: Banking and Insurance
5 First Read: 25-MAR-10

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8 SYNOPSIS: Under existing law, every insurer
9 authorized to write insurance in Alabama is
10 required to be a member of the Alabama Insurance
11 Underwriting Association.

12 This bill would provide legislative intent.

13 This bill would prohibit the association
14 from using the term beach pool in any document or
15 electronic material referencing the association.

16
17 A BILL

18 TO BE ENTITLED

19 AN ACT

20
21 Relating to the Alabama Insurance Underwriting
22 Association; to amend Section 27-1-24, Code of Alabama 1975;
23 to provide legislative intent; and to prohibit the association
24 from using the term beach pool in any document or electronic
25 material referencing the association.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. The Legislature finds and declares the
2 following:

3 (1) The Alabama Insurance Underwriting Association
4 provides homeowner's insurance and other insurance protection
5 for geographic areas in Mobile County and Baldwin County as
6 far north as the 31st Parallel.

7 (2) The majority of policies issued by the Alabama
8 Insurance Underwriting Association relates to property not
9 located on the beach.

10 (3) The use of the term "beach pool" is misleading
11 relative to the area covered by the Alabama Insurance
12 Underwriting Association and relative to the location of homes
13 forced to resort to the Alabama Insurance Underwriting
14 Association for homeowner's insurance coverage.

15 Section 2. Section 27-1-24 of the Code of Alabama
16 1975, is amended to read as follows:

17 "§27-1-24.

18 "(a) Every insurer authorized to write and engaged
19 in writing, on a direct basis, fire and extended coverage
20 insurance in Alabama shall be and remain a member of the
21 Alabama Insurance Underwriting Association, an unincorporated
22 nonprofit joint underwriting association organized in 1970 and
23 in continuous existence from ~~1970 through November 1, 2008~~
24 that year. Every such insurer shall be and remain a member of
25 the association so long as the association is in existence as
26 a condition of such insurer's authority to continue to
27 transact the business of insurance in Alabama. An insurer that

1 ceases to be a member of the association due to withdrawal
2 from the business of insurance in Alabama or its withdrawal
3 from writing fire and extended coverage insurance in Alabama
4 remains liable to the association as to contracts entered into
5 during the insurer's membership in the association to the same
6 extent and effect as if the insurer's membership in the
7 association had not been terminated.

8 "(b) An insurer that becomes authorized and is
9 engaged in writing insurance that requires the insurer to be a
10 member of the association after November 1, 2008, shall become
11 a member of the association on the November 1 following the
12 effective date of the insurer's authorization.

13 "(c) The plan of operation, articles of agreement,
14 and rules and procedures of the Alabama Insurance Underwriting
15 Association effective January 1, 2008, shall be adopted
16 pursuant to this section, and any revisions thereto shall be
17 approved pursuant to the method set forth in the plan of
18 operation, articles of agreement, or rules and procedures by
19 the board of directors and submitted to and approved by the
20 commissioner before the effective date thereof. A copy of the
21 approved plan of operation and articles of agreement, together
22 with a copy of any approved revisions thereto, will be
23 maintained for public inspection in the Department of
24 Insurance.

25 "(d) The Alabama Insurance Underwriting Association
26 shall have the general power and authority, in addition to the
27 powers and authority already provided through its plan of

1 operation, articles of agreement, and rules and procedures, to
2 maintain and carry over any unexpended surplus which may exist
3 to subsequent fiscal years. Monies shall not lapse or be
4 transferred to the General Fund or other state funds and shall
5 not be redistributed. Any interest earned or investment
6 earnings shall be deposited to the credit of the association.
7 Monies shall be used for the purpose of assisting the
8 association in defraying expenses, paying claims, paying
9 reinsurance costs, and performing all acts that relate to the
10 function and purpose of the association.

11 "(e) The Alabama Insurance Underwriting Association
12 shall have the general power and authority to issue bonds,
13 surplus notes or other debentures and solicit and accept
14 goods, loans, and grants.

15 "(f) The ~~Beach~~ Wind Pool Area consists of the Gulf
16 Front, Beach, and Seacoast areas of Baldwin and Mobile
17 Counties as designated by the Insurance Services Office, Inc.

18 "(g) The Alabama Insurance Underwriting Association
19 may not use the term beach pool in any document or electronic
20 material referencing the association including, but not
21 limited to, letterhead, email addresses, website presence,
22 Internet domain name, or any insurance policy document under
23 the control of the association. The Alabama Insurance
24 Underwriting Association shall have 90 days from the effective
25 date of this amendatory act within which to redact and remove
26 any reference to the term "Beach Pool"."

1 Section 3. This act shall become effective on the
2 first day of the sixth month following its passage and
3 approval by the Governor, or its otherwise becoming law.