

1 SB254
2 157291-6
3 By Senator Hightower
4 RFD: Finance and Taxation Education
5 First Read: 21-JAN-14

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4 ENGROSSED

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7 A BILL
8 TO BE ENTITLED
9 AN ACT

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11 To amend Section 27-1-24.1, Code of Alabama 1975,
12 relating to credits against insurance premium taxes for
13 private property insurance carriers who write homeowners
14 insurance policies which include wind coverage in the counties
15 of Alabama which are contiguous to the Gulf of Mexico and
16 Mobile Bay, but only where at the time of the writing of the
17 private policies the property was insured under the Alabama
18 Insurance Underwriting Association; to name the section the
19 Alabama Coastal Insurance Reform Act of 2014; to change the
20 zones in which the credits are available; and to delete the
21 requirement that an insurance carrier provide the homeowner a
22 premium payment that is at a minimum 12 percent less than the
23 premium amount paid by the homeowner under the Alabama Wind
24 Pool Plan to qualify for the credit.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Section 27-1-24.1, Code of Alabama 1975,
2 as amended by this act, shall be known and cited as the
3 Alabama Coastal Insurance Reform Act of 2014.

4 Section 2. Section 27-1-24.1 of the Code of Alabama
5 1975, is amended to read as follows:

6 "§27-1-24.1.

7 "(a) Insurance carriers providing full property and
8 casualty coverage, to specifically include wind and hail
9 coverage, to property owners within the areas defined in
10 Section 27-1-24, including any portion of the area as it may
11 be expanded from time to time pursuant to Section 27-1-27, but
12 only on properties that as of the time of writing are insured
13 for wind coverage through the Alabama Insurance Underwriting
14 Association, may claim as a nonrefundable credit against the
15 insurance premium tax imposed by Chapter 4A of this title, in
16 an amount equal to 20 percent of the insurance premium tax
17 otherwise due on the premium written for the property owners
18 for the taxable year in ~~Zone 4~~ B4, B5, M4, M5, or successor
19 zones; and 35 percent of the insurance premium tax otherwise
20 due on the premium written for the property owners for the
21 taxable year in ~~Zones 1, 2, and 3~~ Zones Gulf Front, B1, B2,
22 B3, M1, M2, M3, or successor zones. The aggregate amount of
23 all tax credits in any tax year that may be claimed by
24 insurance carriers pursuant to this section shall not exceed
25 fifty thousand dollars (\$50,000).

26 "(b) The credit allowed by this section is available
27 only to an insurer licensed or authorized to do business in

1 this state with respect to a property and casualty insurance
2 policy providing full coverage as defined in subsection (a).

3 "(c) A licensed insurer who claims the credit
4 allowed by this section shall provide information required by
5 the Department of Insurance to demonstrate that the taxpayer
6 is eligible for the credit and that the amount paid for
7 premiums for which the credit is claimed was not excluded from
8 the licensed insurer's gross income for the taxable year.

9 "The department shall establish a process for which
10 licensed insurers may make application for a tax credit
11 certificate in order to claim any tax credit provided for by
12 this section. This tax credit certificate issued by the
13 department shall reserve the appropriate allocation of tax
14 credits for the insurer to which a certificate is issued. An
15 insurer seeking such certificate for reservation of tax
16 credits for the writing of a policy pursuant to subsection (a)
17 shall make application to the department in the manner
18 prescribed by the department. The department shall review the
19 applications received and subsequently issue a tax credit
20 certificate to the insurer reserving the appropriate
21 allocation of tax credits for the insurer. The department
22 shall reserve the tax credits provided for by this section in
23 the order in which the department receives the application for
24 tax credit certificates, and for the benefit of the
25 appropriate insurer, provided the application is approved by
26 the department.

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

4 "(e) The department shall take the action necessary
5 to monitor and examine the use of the credit claims under this
6 section.

7 "(f) This section applies to all new policies issued
8 with an effective date after ~~August 1, 2012~~ the effective date
9 of the act amending this subsection.

10 ~~"(g) In order to qualify for the credits~~
11 ~~contemplated in this section, an insurance carrier shall~~
12 ~~provide the homeowner a premium payment that is at a minimum~~
13 ~~12 percent less than the premium amount paid by the homeowner~~
14 ~~under the Alabama Wind Pool Plan."~~

15 Section 3. This act shall become effective on the
16 first day of the third month following its passage and
17 approval by the Governor, or its otherwise becoming law.

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Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation Education 21-JAN-14

Read for the second time and placed on the calen-
dar with 1 substitute and..... 12-FEB-14

Read for the third time and passed as amended 05-MAR-14

Yeas 29
Nays 1

Patrick Harris
Secretary