

1 SB254
2 157291-7
3 By Senator Hightower
4 RFD: Finance and Taxation Education
5 First Read: 21-JAN-14

1 SB254

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4 ENROLLED, An Act,

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

19 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

23 Section 2. Section 27-1-24.1 of the Code of Alabama
24 1975, is amended to read as follows:

25 "§27-1-24.1.

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

20 "(b) The credit allowed by this section is available
21 only to an insurer licensed or authorized to do business in
22 this state with respect to a property and casualty insurance
23 policy providing full coverage as defined in subsection (a).

24 "(c) A licensed insurer who claims the credit
25 allowed by this section shall provide information required by

1 the Department of Insurance to demonstrate that the taxpayer
2 is eligible for the credit and that the amount paid for
3 premiums for which the credit is claimed was not excluded from
4 the licensed insurer's gross income for the taxable year.

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

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

1 "(e) The department shall take the action necessary
2 to monitor and examine the use of the credit claims under this
3 section.

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

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

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

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB254

Senate 05-MAR-14

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris
Secretary

House of Representatives

Passed: 02-APR-14

By: Senator Hightower