

by NAMIC

INDIANAPOLIS (May 20, 2008) "The Alabama Legislature ended its regular 2008 session after passing several proposals that could significantly impact insurance consumers and companies, according to the National Association of Mutual Insurance Companies (NAMIC). Three insurance-related bills were sent to, and signed by Gov. Bob Riley.

"Members of the Legislature did a tremendous job debating and ultimately passing several pieces of legislation that address important areas for insurance consumers and carriers," said Liz Reynolds, NAMIC's Southeast state affairs manager. "NAMIC appreciates the balanced approach lawmakers took in trying to alleviate some of the concerns about coastal insurance and automobile coverage."

Senate bill 296 will codify the Alabama Insurance Underwriting Association, or beach pool, specifically mentioning it in the state's Code of Law and requiring insurers that do business in Alabama to participate in it, bringing Alabama more in line with other coastal states with beach or wind pools.

"This legislation is a good step going forward to encourage an evenhanded method to address the availability and affordability of insurance along the coast," Reynolds said. "It will help to financially strengthen the existing beach pool, an already time- and catastrophe-tested mechanism for providing coverage and paying claims in the residual homeowners market on the coast and helping to better prepare it for future large events."

Another bill, SB 3, allows captive insurance companies to write homeowners' insurance on the coast. During the legislative process, lawmakers amended the bill to provide consumer safeguards similar to ones included in a bill passed last year by South Carolina.

A third bill, SB 4, increases the minimum auto insurance requirements for the first time in 25 years. The limits will be increased from \$20,000 to \$25,000 for a single injury or death, from \$40,000 to \$50,000 for multiple injuries or deaths, and from \$10,000 to \$25,000 for property damage. The governor vetoed the legislation last year at the request of NAMIC and other insurance trade organizations. However, this year's proposal was amended to allow for more time to make program changes and notify policyholders.

"An appropriate implementation schedule made all the difference in the world," Reynolds said. "Now companies and consumers will have plenty of time to prepare for the increase in auto minimum limits in Alabama."

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