

1 SB254
2 156592-1
3 By Senator Hightower
4 RFD: Finance and Taxation Education
5 First Read: 21-JAN-14

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8 SYNOPSIS: Under existing law, credits against
9 insurance premium taxes are provided for private
10 property insurance carriers who write homeowners
11 insurance policies which include wind coverage in
12 the counties of Alabama which are contiguous to the
13 Gulf of Mexico and Mobile Bay, but only where at
14 the time of the writing of the private policies the
15 property was insured under the Alabama Insurance
16 Underwriting Association, in an amount of 20
17 percent of the insurance premium tax otherwise due
18 in Zone 4, and 35 percent of the insurance premium
19 tax otherwise due in Zones 1, 2, and 3.

20 This bill would revise existing law to
21 provide credits in an amount of 20 percent of the
22 insurance premium tax otherwise due in Zones M4,
23 M5, B4, and B5, and 35 percent of the insurance
24 premium tax otherwise due in Zones M1, M2, M3, B1,
25 B2, B3, and South ICWW.

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27 A BILL

1 TO BE ENTITLED

2 AN ACT

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4 To amend Section 27-1-24.1, Code of Alabama 1975,
5 relating to credits against insurance premium taxes for
6 private property insurance carriers who write homeowners
7 insurance policies which include wind coverage in the counties
8 of Alabama which are contiguous to the Gulf of Mexico and
9 Mobile Bay, but only where at the time of the writing of the
10 private policies the property was insured under the Alabama
11 Insurance Underwriting Association, to change the zones in
12 which the credits are available.

13 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

14 Section 1. Section 27-1-24.1 of the Code of Alabama
15 1975, is amended to read as follows:

16 "§27-1-24.1.

17 "(a) Insurance carriers providing full property and
18 casualty coverage, to specifically include wind and hail
19 coverage, to property owners within the areas defined in
20 Section 27-1-24, including any portion of the area as it may
21 be expanded from time to time pursuant to Section 27-1-27, but
22 only on properties that as of the time of writing are insured
23 for wind coverage through the Alabama Insurance Underwriting
24 Association, may claim as a nonrefundable credit against the
25 insurance premium tax imposed by Chapter 4A of this title, in
26 an amount equal to 20 percent of the insurance premium tax
27 otherwise due on the premium written for the property owners

1 for the taxable year in ~~Zone 4~~ Zones M4, M5, B4, and B5; and
2 35 percent of the insurance premium tax otherwise due on the
3 premium written for the property owners for the taxable year
4 in Zones ~~1, 2, and 3~~ M1, M2, M3, B1, B2, B3, and South ICWW.

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

9 "(c) A licensed insurer who claims the credit
10 allowed by this section shall provide information required by
11 the Department of Insurance to demonstrate that the taxpayer
12 is eligible for the credit and that the amount paid for
13 premiums for which the credit is claimed was not excluded from
14 the licensed insurer's gross income for the taxable year.

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

18 "(e) The department shall take the action necessary
19 to monitor and examine the use of the credit claims under this
20 section.

21 "(f) This section applies to all new policies issued
22 with an effective date after August 1, 2012.

23 "(g) In order to ~~quality~~ qualify for the credits
24 contemplated in this section, an insurance carrier shall
25 provide the homeowner a policy providing full coverage as
26 described in subsection (a) for which the premium payment that
27 for the wind or hail, or both, portion of the coverage is at a

1 minimum 12 percent less than the premium amount paid by the
2 homeowner for the wind or hail, or both, portion of the
3 coverage under the Alabama Wind Pool Plan."

4 Section 2. This act shall become effective on the
5 first day of the third month following its passage and
6 approval by the Governor, or its otherwise becoming law.