



ALABAMA INSURANCE UNDERWRITING ASSOCIATION

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Robert W. Groves
Secretary/Manager

May 08, 2007

The Alabama Insurance Underwriting Association (AIUA) is pleased to announce several important **changes** in our rates, rules, forms and procedures for processing applications.

Effective June 01, 2007 for new business and October 01, 2007 for renewal business:

1. AIUA PLAN OF OPERATION AND ARTICLES OF AGREEMENT and AIUA RULES AND PROCEDURES FOR SUBMITTING APPLICATIONS TO THE ALABAMA INSURANCE UNDERWRITING ASSOCIATION have been amended in a manner that will;
 - o Increase maximum available limit of residential coverage to \$500,000 in a single building or fire division,
 - o Clarify that maximum available limit of commercial coverage is \$1,000,000 in a single building or fire division not to exceed \$3,000,000 in a geographic location,
 - o Offer Fire and EC coverage in Seacoast areas (as defined by ISO),
 - o Create new **Gulf Front** territory. Gulf Front territory is defined as those properties located in U.S. Postal Zip Codes 36542, 36547, 36561, & 36528.
 - o Offer coverage in CBRA Zones with limitations,
 - o Amend cancellation rules to permit AIUA to cancel when policyholder fails to maintain flood insurance as required by AIUA underwriting rules.
 - o Offer modified ISO insuring agreements DP 00 01 and DP 00 02 for residential property.
 - o Require 5% Hurricane Percentage Deductible for Commercial and Residential property located in Beach or Gulf Front zones.
 - o Reduce Agent Commission from 10% to 08%.
 - o Require application fees for new and renewal applications.
 - o Amend application fees to \$35 for Residential and \$65 for Commercial new applications and \$20 for Residential and Commercial renewal applications.
 - o Require a 16 day waiting period for new coverage.
 - o Introduce a "Binder Procedure" for mortgage loan closings.
2. AIUA will introduce and use ISO DWELLING 89 POLICY PROGRAM MANUAL including all rates, rating factors and rules contained therein, including but not limited to;
 - o Change Dwelling Extended Coverage factor for Seacoast property to **2.434** resulting in a 5% reduction in Extended Coverage rates for Seacoast property.
 - o Retain Dwelling Extended Coverage factor for Beach property at **3.942** resulting in no change to Extended Coverage rates for Beach property..

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- Create new Dwelling Extended Coverage factor for Gulf Front property equal to **4.533** resulting in a 15% increase in Extended Coverage rates for Gulf Front property.
 - Amend form ExCovEnd. Excess Endorsement to remove proof of other insurance requirement.
 - Introduce and use form DP 00 01 Dwelling Property 1-Basic Form
 - Introduce and use form DPW 00 01 Dwelling Property 1-Basic Form
 - Introduce and use form DP 00 02 Dwelling Property 2-Broad Form
 - Introduce and use form DPW 00 02 Dwelling Property 2-Broad Form
 - Introduce and use form Co-Ins Endt. Coinsurance for use with Residential Dwelling policies subject to DP 00 01 and DP 00 01 WIND coverage forms.
 - Introduce and use form Mold for use with all Residential Dwelling policies.
3. AIUA has amended Commercial Extended Coverage Factors as follows;
3.745 for Seacoast property resulting in a 5% reduction in Extended Coverage rates for Seacoast property.
3.942 for Beach property resulting in no change to Extended Coverage rates for Beach property
4.533 for Gulf Front property resulting in a 15% increase in Extended Coverage rates for Gulf Front property.

The over-all premium impact of these changes is **10.3%**. By modestly increasing rates, offering broader coverage options, higher coverage amounts, and expanded areas of coverage availability, AIUA's ability to respond to the insurance needs of commercial and residential property owners in Baldwin and Mobile counties will be enhanced.

Details of these important changes can be found on our website at alabamabeachpool.org

Additionally, AIUA will be conducting two seminars in the near future. Agents will be notified shortly of the time and place. The AIUA management staff will be there to go over these changes in detail and answer any questions you may have.

Thank you for your cooperation.

Sincerely,

Robert W. Groves
Secretary/Manager
Alabama Insurance Underwriting Association
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