

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance*

Rule No. Chapter 482-1-159

Rule Title: Strengthen Alabama Homes

New Amend Repeal Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

Does the proposed rule have an economic impact? N/A*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.*

Signature of certifying officer Jim L. Ridling
Jim L. Ridling
Commissioner of Insurance

Date: June 17, 2015

*Note: The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.

Alabama Department of Insurance

NOTICE OF INTENDED ACTION

AGENCY NAME: Alabama Department of Insurance

RULE NO. & TITLE: Chapter 482-1-159: Strengthen Alabama Homes.

INTENDED ACTION: Adopt new chapter.

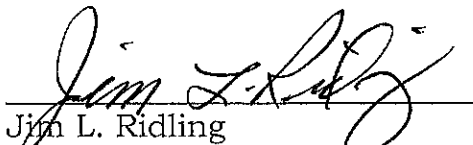
SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to adopt a new chapter to set forth the rules and requirements necessary to carry out the Strengthen Alabama Homes program authorized in Sections 27-31E-1, et seq., Code of Alabama 1975.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to August 5, 2015, to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, August 12, 2015.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:

August 5, 2015

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel


Jim L. Ridling
Commissioner of Insurance

**ALABAMA DEPARTMENT OF INSURANCE
INSURANCE REGULATION**

CHAPTER 482-1-159

STRENGTHEN ALABAMA HOMES

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1 **482-1-159-.01 Purpose, Scope, and Authority.**

2 (1) The purpose of this chapter is to set forth rules and
3 requirements the Commissioner deems necessary to carry out the
4 provisions of Ala. Code §§ 27-31E-1, et seq. (2014 Repl.
5 Vol.), relating to the Strengthen Alabama Homes (SAH) program.

6 (2) This chapter shall apply to all aspects of the SAH
7 program.

8 (3) This chapter is adopted pursuant to Ala. Code §§ 27-
9 2-17 (1975) and 27-31E-1, et seq. (2014 Repl. Vol).

10 Author: Commissioner of Insurance
11 Statutory Authority: Ala. Code §§ 27-2-17, 27-31E-2
12 History: New _____, 2015, Effective January 1, 2016

13 **482-1-159-.02 Grants.**

14 (1) Eligibility. To be eligible for a Strengthen Alabama
15 Homes (SAH) grant, an applicant must meet the following
16 requirements:

17 (a) Owner-occupied, single-family, primary residences
18 (excluding condos, mobilehomes). Initially only Mobile and
19 Baldwin County residents will be eligible. As more funds
20 become available and legislation permits, grants may be
21 offered statewide.

1 (b) Home must be in good repair unless damaged by a
2 disaster. SAH grant funds cannot be used for normal
3 maintenance and repairs that a homeowner is expected to
4 perform, but may be used in conjunction with repairs or
5 reconstruction necessitated by damages from a hurricane,
6 tropical storm, or tornado.

7 (c) Homeowner must mitigate to the IBHS Bronze level at a
8 minimum, preferably Silver, in order to receive a grant.

9 (d) Homeowner must have wind insurance and a flood
10 insurance policy if the home is in a special flood hazard area
11 before grant funds will be paid to their Contractor.

12 (e) Local building permits and inspections are required
13 for all mitigation projects.

14 (f) Contractors must be licensed and carry general
15 liability and workers compensation insurance.

16 (g) Mitigation projects must be completed within 6 months
17 of the date of the Grant Award Notification letter.

18 (h) Any entity providing funds to the SAH program will be
19 permitted to establish additional rules and guidelines under
20 which those funds may be used, as long as they do not violate
21 any state or federal laws.

1 (2) Application Process.

2 (a) Homeowner selects Certified IBHS Evaluator from SAH
3 website.

4 (b) Evaluator pre-qualifies home, after which homeowner
5 decides whether to pursue a grant. The Evaluator's fee is paid
6 by homeowner.

7 (c) Evaluator identifies all improvements required to
8 achieve IBHS Bronze and Silver levels, then submits the report
9 to IBHS for approval

10 (d) Homeowner selects three Contractors, obtains bids for
11 level of work desired (Bronze or Silver), then selects their
12 preferred Contractor.

13 (e) Homeowner submits application to SAH with Evaluator's
14 report, IBHS approval that planned project will achieve Bronze
15 or Silver designation, all three Contractors' bids, latest
16 federal income tax return, and a copy of the property
17 insurance policy or policies.

18 (3) Awarding of Grants. The SAH staff will review all
19 applications for completeness and will perform appropriate
20 audits to verify the accuracy of the information on the
21 application and that the applicant meets all of the

1 eligibility rules. Verified applications will then be placed
2 in order received and grants awarded on a first-come basis and
3 will be subject to availability of grant funds allocated by
4 household income level.

5 (4) Release of Funds. Grant funds will only be released
6 on behalf of an approved applicant once an Insurance Institute
7 for Business and Home Safety (IBHS) FORTIFIED: Bronze or
8 FORTIFIED: Silver certificate has been issued for the home.
9 The funds will be paid by SAH, on behalf of the homeowner,
10 directly to the contractor that performed the mitigation work.

11 (5) Grant Award Process:

12 (a) Once the grant application is approved, the
13 Contractor may begin mitigation work.

14 (b) The IBHS Evaluator will conduct the required interim
15 inspection during construction.

16 (c) The IBHS Evaluator will perform the final inspection
17 to confirm that the work was completed according to the
18 mitigation specifications.

19 (d) SAH pays the Contractor costs covered by the grant;
20 the homeowner pays the remaining cost to the Contractor.

1 (e) SAH confirms that the homeowner's insurer provides
2 the appropriate premium credit.

3 (f) SAH conducts random re-inspections to detect any
4 fraud and submits any irregularities to the ALDOI Fraud Unit.

5 Author: Commissioner of Insurance
6 Statutory Authority: Ala. Code §§ 27-2-17, 27-31E-2
7 History: New _____, 2015, Effective January 1, 2016

8 **482-1-159-.03 Grant Award Eligibility.**

9 (1) Grant awards will be determined based on the cost of
10 the mitigation project and the adjusted gross income of the
11 applicant according to the most recent federal income tax
12 return. The eligible percentage of the mitigation grant and
13 the maximum grant to be awarded is as follows:

	% of Project	Maximum
<u>Household Income</u>	<u>Cost Covered</u>	<u>Grant</u>
\$0 - \$40,000	100%	\$7,500
\$40,001 - \$50,000	90%	\$7,000
\$50,001 - \$60,000	80%	\$6,500
\$60,001 - \$70,000	70%	\$6,000
\$70,001 - \$85,000	60%	\$5,000

1	\$85,001 - \$100,000	50%	\$4,000
2	over \$100,000	40%	\$3,000

3 (2) If the cost of the mitigation project exceeds the
4 amount of the grant award, the remaining cost is the
5 homeowner's responsibility.

6 Author: Commissioner of Insurance
7 Statutory Authority: Ala. Code §§ 27-2-17, 27-31E-2
8 History: New _____, 2015, Effective January 1, 2016

9 **482-1-159-.04 Grant Award Allocations.**

10 (1) In order to assure equitable distribution of grants
11 in proportion to the income demographics of Mobile and Baldwin
12 Counties, applications will be accepted on a first-come,
13 first-served basis, but with priority given to lower-income
14 applicants so that the number of grants awarded will be
15 allocated according to the following approximate distribution:

16	<u>Household Income</u>	<u>Percent of Grants</u>
17	\$0 - \$40,000	70%
18	\$40,001 - 50,000	10%
19	\$50,001 - 60,000	4%
20	\$60,001 - 70,000	4%
21	\$70,001 - 85,000	4%

