

**TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION**

Control 482 Department or Agency Department of Insurance*

Rule No. 482-1-159-.02

Rule Title: Grants.

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*

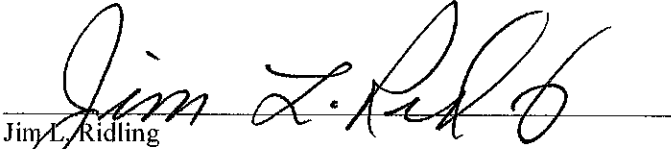
Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A*

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
Commissioner of Insurance

Date: September 20, 2017

*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: Rule 482-1-159-.02: Grants.

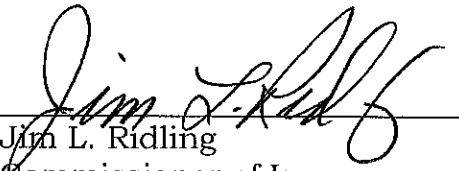
INTENDED ACTION: Amend rule.

SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to amend the rule which sets the requirements for grants through the Strengthen Alabama Homes program. The amendments make certain changes to the regulation consistent with current procedures being followed in the implementation of the program, and adds a specific provision allowing time periods when grant applications will be accepted. The amendment will become effective November 25, 2017.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to November 8, 2017, 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 PM, on November 15, 2017.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:
November 8, 2017

CONTACT PERSON AT AGENCY: Reyn Norman
General Counsel



Jim L. Ridling
Commissioner of Insurance

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

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

5 (a) Owner-occupied, single-family, primary residences
6 (excluding condos, mobilehomes). Initially only Mobile and
7 Baldwin County residents will be eligible. As more funds
8 become available and legislation permits, grants may be
9 offered statewide.

10 (b) Home must be in good repair unless damaged by a
11 disaster. SAH grant funds cannot be used for normal
12 maintenance and repairs that a homeowner is expected to
13 perform, but may be used in conjunction with repairs or
14 reconstruction necessitated by damages from a hurricane,
15 tropical storm, or tornado.

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

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

1 (e) Local building permits and inspections are required
2 for all mitigation projects.

3 (f) Contractors must be licensed and carry general
4 liability and workers compensation insurance.

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

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

11 (2) Application Process.

12 (a) Homeowner ~~selects Certified IBHS Evaluator from~~
13 submits grant application to SAH website with a copy of their
14 latest federal income tax return, a copy of their property
15 insurance policy declaration page, a copy of their flood
16 insurance policy declaration page (only if home is located in
17 a special flood hazard area), and selects a Certified IBHS
18 Evaluator working on the SAH program to provide a Home Review
19 evaluation on the home to be mitigated. The Evaluator's fee
20 is paid by homeowner.

1 ~~(b) Evaluator pre-qualifies home, after which homeowner~~
2 ~~decides whether to pursue a grant. The Evaluator's fee is paid~~
3 ~~by homeowner.~~

4 ~~(c)~~ (b) Evaluator identifies all improvements required to
5 achieve IBHS Bronze and Silver levels, then submits the report
6 to IBHS for approval.

7 (c) IBHS determines if the home receives a Pass or Fail
8 depending on information provided IBHS by the Evaluator. If
9 home Fails evaluation, the Evaluator notifies the applicant.
10 A Fail identifies a house that is not mitigable under the
11 Fortified program. If the home receives a Pass, the SAH
12 program contacts the homeowner and asks the homeowner to
13 select three SAH program contractors to receive bids from for
14 performing the mitigation work on their home.

15 (d) Homeowner obtains bids from three SAH program
16 Contractors of their choice for level of work desired (Bronze
17 or Silver), ~~then selects their preferred Contractor.~~

18 ~~(c) Homeowner submits application to SAH with Evaluator's~~
19 ~~report, IBHS approval that planned project will achieve Bronze~~
20 ~~or Silver designation, all three Contractors' bids, latest~~
21 ~~federal income tax return, and a copy of the property~~
22 ~~insurance policy or policies.~~

1 (3) Awarding of Grants. The SAH staff will review all
2 applications for completeness and will perform appropriate
3 audits to verify the accuracy of the information on the
4 application and that the applicant meets all of the
5 eligibility rules. Verified applications will then be placed
6 in order received and grants awarded on a first-come basis
7 within each income tier and will be subject to availability of
8 grant funds allocated by household income tier.

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

16 (5) Grant Award Process:

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

19 (b) The IBHS Evaluator will conduct the required interim
20 inspection during construction.

1 (c) The IBHS Evaluator will perform the final inspection
2 to confirm that the work was completed according to the
3 mitigation specifications.

4 (d) SAH or its designated entity pays the Contractor
5 costs covered by the grant; the homeowner pays the remaining
6 cost to the Contractor.

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

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

11 (6) In order to timely manage processing grant
12 applications or meet funding limitations, it may be necessary
13 to establish time periods when grant applications are accepted
14 by the SAH program.

15 Author: Commissioner of Insurance
16 Statutory Authority: Ala. Code §§ 27-2-17, 27-31E-2
17 History: New August 12, 2015, Effective January 1, 2016;
18 Revised November 15, 2017, Effective November 25, 2017