

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 action relate to or affect in any manner any litigation which the agency is a party to concerning the subject matter of the proposed rule? 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. Radtke
Jim L. Radtke
Commissioner of Insurance

Date: September 20, 2018

*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.

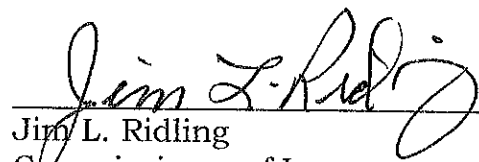
INTENDED ACTION: Amend rule.

SUBSTANCE OF PROPOSED ACTION: The Commissioner of Insurance is proposing to amend the rule which sets forth the requirements to apply for grants from 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 to remove the comment that grants are limited to Mobile and Baldwin counties. The amendments will become effective November 17, 2018.

TIME, PLACE, MANNER OF PRESENTING VIEWS: Interested persons may submit data, views, or arguments in writing at any time prior to November 6, 2018, 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, on November 7, 2018.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:
November 6, 2018

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) Home must be an Owner-occupied, single-family,
6 primary residences residence (excluding condos, and cannot be
7 a condominium or mobilehomes) mobilehome. Initially only
8 Mobile and Baldwin County residents will be eligible. As more
9 funds become available and legislation permits, grants may be
10 offered statewide.

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

18 (c) Homeowner must ~~mitigate~~ FORTIFY to the Insurance
19 Institute for Business and Home Safety (IBHS) Bronze level at
20 a minimum, preferably Silver, in order to receive a grant.

1 (d) Homeowner must have wind insurance and a flood
2 insurance policy if the home is in a ~~special flood hazard area~~
3 designated National Flood Insurance Program (NFIP) flood zone.
4 ~~before grant funds will be paid to their Contractor.~~

5 (e) Local building permits and inspections are required
6 for all ~~mitigation~~ FORTIFIED projects.

7 (f) Contractors must be licensed and carry general
8 liability and workers compensation insurance.

9 (g) ~~Mitigation~~ FORTIFIED projects must be completed
10 within ~~6~~ three (3) months of the date of the Grant Award
11 Notification ~~letter.~~ Failure to complete the project may
12 result in forfeiture of the grant.

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

17 (2) Application Process.

18 (a) Homeowner submits grant application to SAH ~~with a~~
19 ~~copy of their latest federal income tax return, a copy of~~
20 ~~their property insurance policy declaration page, a copy of~~
21 ~~their flood insurance policy declaration page (only if home is~~

1 ~~located in a special flood hazard area),~~ and selects a
2 Certified IBHS Evaluator working on the SAH program to provide
3 a an IBHS Home Review evaluation on the home to be ~~mitigated~~
4 FORTIFIED. The Evaluator's fee is paid by the homeowner to
5 the Evaluator.

6 (b) Evaluator ~~identifies~~ confirms the home meets a
7 minimum structural standard on a Pass or Fail basis to move
8 forward with identifying all improvements required to achieve
9 ~~IBHS Bronze and Silver~~ FORTIFIED levels, then submits the
10 report to IBHS for approval.

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

20 (d) Homeowner obtains bids from three SAH program
21 Contractors of their choice for level of work desired (IBHS
22 Bronze or Silver). If an SAH program Contractor is not

1 available in the area where the house is located, the minimum
2 number of bids required for the application will reflect the
3 number of contractors available in that area.

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

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

20 (5) Grant Award Process:

1 (a) Once the grant ~~application~~ award is approved, the
2 Contractor Homeowner may ~~begin mitigation work~~ enter into a
3 contract to FORTIFY the home.

4 ~~(b) The IBHS Evaluator will conduct the required interim~~
5 ~~inspection during construction.~~

6 ~~(e)(b)~~ The IBHS Evaluator will perform ~~the final~~
7 ~~inspection to confirm~~ all required evaluations confirming that
8 the work was completed according to the ~~mitigation~~ FORTIFIED
9 specifications.

10 ~~(d)(c)~~ SAH or its designated entity pays the Contractor
11 costs covered by the grant; the homeowner pays the remaining
12 cost to the Contractor.

13 (d) Homeowner submits declaration pages of the required
14 insurance coverage to SAH within 30 days of receiving the IBHS
15 Certificate.

16 ~~(e) SAH confirms that the homeowner's insurer provides~~
17 ~~the appropriate premium credit.~~

18 ~~(f)(e)~~ SAH conducts random re-inspections to detect any
19 fraud and submits any irregularities to the ALDOI Fraud Unit.

20 (6) In order to timely manage processing grant
21 applications or meet funding limitations, it may be necessary

1 to establish time periods when grant applications are accepted
2 by the SAH program.

3 **Author:** Commissioner of Insurance

4 **Statutory Authority:** Ala. Code §§ 27-2-17, 27-7-43 & 27-31E-2

5 **History:** New August 12, 2015, Effective January 1, 2016;

6 Revised November 15, 2017, Effective November 25, 2017;

7 Revised November 7, 2018, Effective November 17, 2018