Annual Report

Alabama
Department of Insurance
2017

Kay Ivey
Governor

Jim L. Ridling
Commissioner
December 31, 2017

The Honorable Kay Ivey
Governor
Alabama State Capitol
Montgomery, Alabama 36130

Dear Governor Ivey:

Please accept this annual report of the Alabama Department of Insurance in compliance with Section 27-2-9, Code of Alabama 1975.

Sincerely,

Jim L. Ridling
Commissioner of Insurance

JLR/RMF/as
About the Department

The Alabama Department of Insurance (ALDOI) is the regulator of the sale of insurance in Alabama, working diligently to balance the needs of consumers with the needs of a competitive insurance industry. The ALDOI enforces all state insurance laws to protect policyholders and provide a fair and stable insurance marketplace.

The ALDOI is also home to the Alabama State Fire Marshal’s Office. The mission of the State Fire Marshal’s office is to provide inspection services, conduct investigations of fires and explosions, insurance fraud, prevent the commission of arson and related crimes, protect lives and property from fire and explosions, and provide visitors and citizens of the state a safe environment in which to live, work and play. The SFMO is headquartered at the ALDOI offices in Montgomery, Alabama. Additionally, Deputy Fire Marshals and Insurance Fraud Investigators are strategically located around the state in work assigned territories. The SFMO produces a separate Annual Report, which may be found online at www.firmarshal.alabama.gov.

The state of Alabama is part of the U.S. insurance regulatory framework, which is a highly coordinated state-based national system designed to protect policyholders and to serve the greater public interest through the effective regulation of the U.S. insurance marketplace. Through the National Association of Insurance Commissioners (NAIC), U.S. insurance regulators establish national standards and best practices, conduct peer reviews and coordinate their regulatory oversight to better protect the interests of consumers while ensuring a strong, viable insurance marketplace. U.S. insurance regulators also participate in the International Association of Insurance Supervisors (IAIS) along with the NAIC by participating in major standard setting initiatives, including working with fellow regulators from around the world to better supervise cross-border insurers, identifying systemic risk in the insurance sector, and creating international best practices.

Mission Statement

Our mission is to serve the people of Alabama by regulating the insurance industry, providing consumer protection, promoting market competition and stability, and enforcing fire safety standards and laws.

Department Overview

- State licensor, regulator and examiner of the insurance industry operating in Alabama. Types of examinations include financial, market conduct or multi-state.
- Staff Size: 153 (including field personnel: Examiners and Deputy Fire Marshals).
- Organized into twelve (12) divisions covering all aspects of Administration, Licensing, Examination, Rates & Forms, Strengthen Alabama Homes, Consumer Services and the State Fire Marshal.
- FY2017 Budget: $31.98 million.
- The State Fire Marshal provides inspection services, conducts investigations of fires and explosions, insurance fraud, prevents the commission of arson and related crimes, protects lives and property from fire and explosions.
- Collected $52.2 million in fees, fines and other assessments in FY2017.
- Collected $341.9 million total premium tax in FY2017.
  - 8.3 percent increase since FY2016.
  - Currently the largest single revenue source to the State General Fund.
- In 2017, $25.5 billion in insurance premium was written in Alabama.
Participation in the
National Association of Insurance Commissioners

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by insurance commissioners from the 50 states, the District of Columbia and five U.S. territories. Its members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the U.S. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, coordinate regulatory oversight, model laws and regulations and represents state regulators’ collective domestic and international views.

The NAIC maintains extensive systems linking all state insurance departments and provides financial, actuarial, legal, research, technology, market conduct, economic expertise, staff research, monitoring federal activity, submitting legal briefs, etc. With the continuing advancement of the federal government into the insurance regulatory arena, the NAIC is on the front line of the fight to preserve the system of state-based insurance regulation, recognizing that states are better able to protect consumers, adapt to meet economic and financial challenges, enforce regulation and foster competition.

State Insurance Commissioners, through the NAIC, work with fellow regulators from around the world to better supervise cross-border insurers, identifying systemic risk in the insurance sector and creating international best practices.

The Alabama Department of Insurance (ALDOI) participates in the NAIC’s State Based Systems (SBS), an electronic system designed to provide a comprehensive, Web-based application for use by state regulators in support of insurance regulatory functions. Its goal is to enable state insurance departments to more efficiently and effectively process license applications, renewals, inquiries, complaints, enforcement actions, etc. with a minimum of effort and remain compliant with national uniformity initiatives.

The ALDOI is a member of the NAIC Executive Committee and three of seven major issue committees, including various working groups and task forces. Commissioner Ridling serves on the NAIC Executive Committee and ALDOI staff serve on various NAIC Task Forces and Working Groups. The NAIC conducts three national meetings per year, a week-long issues-based “Insurance Summit”, a Washington Fly-In and other various other targeted meetings. The ALDOI also holds membership on NAIC liaison committees to consumers, industry, state and federal government. Additionally, Commissioner Ridling serves as Chairman of the NAIC Southeast Zone consisting of the Insurance Commissioners from 14 southeastern states and US territories.
Revenues and Expenditures over the Last Five Years

Insurance Premium Tax Collections by Fund:
The numbers for each fiscal year below are subject to audit. The actual numbers may change due to refunds and other adjustments. None of these collections is retained for the operation of the Department of Insurance.

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$257,728,524</td>
<td>$266,947,309</td>
<td>$274,765,777</td>
<td>$280,199,389</td>
<td>$306,436,437</td>
</tr>
<tr>
<td>Education Trust Fund</td>
<td>30,993,296</td>
<td>30,993,296</td>
<td>30,993,296</td>
<td>30,993,296</td>
<td>30,993,296</td>
</tr>
<tr>
<td>Mental Health Fund</td>
<td>4,525,338</td>
<td>4,525,338</td>
<td>4,525,338</td>
<td>4,525,338</td>
<td>4,525,338</td>
</tr>
<tr>
<td>Total</td>
<td>$293,247,158</td>
<td>$302,465,943</td>
<td>$310,284,411</td>
<td>$315,718,023</td>
<td>$341,955,071</td>
</tr>
</tbody>
</table>

Other Revenues:
Separate and apart from the insurance premium tax, the Department of Insurance collects other fees, fines and assessments, a portion of which is retained to operate the agency.

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fees &amp; Assessments</td>
<td>$22,804,398</td>
<td>$23,807,833</td>
<td>$25,068,292</td>
<td>$35,674,324</td>
<td>$39,415,246</td>
</tr>
<tr>
<td>Fines &amp; penalties</td>
<td>1,018,426</td>
<td>269,132</td>
<td>256,915</td>
<td>206,260</td>
<td>8,242,460</td>
</tr>
<tr>
<td>Other Revenue</td>
<td>3,749,861</td>
<td>1,142,608</td>
<td>527,266</td>
<td>4,536,448</td>
<td>4,590,024</td>
</tr>
<tr>
<td>Total</td>
<td>$27,572,685</td>
<td>$25,219,573</td>
<td>$25,852,473</td>
<td>$40,417,032</td>
<td>$52,247,730</td>
</tr>
</tbody>
</table>

Expenditures:
Expenses incurred in operating the agency include personnel costs, employee benefits, and rentals and leases. These expenses are primarily paid out of the Insurance Department Fund and the Special Examination Revolving Fund. According to Section 27-2-39, Code of Alabama 1975, the unencumbered and unexpended balance in the Insurance Department Fund in excess of 25 percent of the amount appropriated for that fiscal year is to be paid over to the State General Fund. Additionally, Appropriation Act 2012-569 required the agency to transfer $1,800,000 to the State General Fund in fiscal year 2013, and Appropriation Act 2013-263 required the agency to transfer $1,000,000 to the State General Fund in fiscal year 2014.

<table>
<thead>
<tr>
<th></th>
<th>FY2013</th>
<th>FY2014</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel costs</td>
<td>$7,690,565</td>
<td>$7,727,145</td>
<td>$7,869,102</td>
<td>$8,420,542</td>
<td>$8,883,470</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>2,647,973</td>
<td>2,871,426</td>
<td>2,945,327</td>
<td>3,141,402</td>
<td>3,339,920</td>
</tr>
<tr>
<td>Rentals and leases</td>
<td>1,503,007</td>
<td>1,481,098</td>
<td>1,635,920</td>
<td>1,746,646</td>
<td>1,763,917</td>
</tr>
<tr>
<td>Other expenses</td>
<td>3,034,549</td>
<td>2,624,374</td>
<td>2,652,168</td>
<td>6,940,155</td>
<td>10,216,287</td>
</tr>
<tr>
<td>General Fund transfer</td>
<td>2,525,223</td>
<td>1,000,000</td>
<td>428,174</td>
<td>4,465,521</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>$17,401,317</td>
<td>$15,704,043</td>
<td>$15,530,691</td>
<td>$24,714,266</td>
<td>$24,203,594</td>
</tr>
</tbody>
</table>
General Information

Insurance Company Overview

The Financial Examiners Division assists the Commissioner with the regulation of the solvency of insurance companies through the activities of surveillance, monitoring, analysis and examination, all performed in accordance with nationally recognized standards promulgated by the National Association of Insurance Commissioners (NAIC) and other regulatory and professional accounting agencies. Through these procedures, the division provides technical assistance and factual information as a basis for determining regulatory action, thus serving as the first line of defense between Alabama’s citizens and potentially troubled insurance companies. The division also performs the following functions:

- Examines financial condition of domestic insurance companies, health maintenance organizations and fraternal benefit societies according to statutory requirements.
- Files and reviews annual statements for licensed companies.
- Collects insurance premium tax and audits premium tax returns.
- Reviews and issues or rejects applications for license of new companies, to include insurers, HMOs, fraternal organizations, motor clubs, premium finance companies, prepaid legal and dental service corporations.

The Market Conduct section assists the Commissioner in protecting the insurance consumer and ensuring that policyholders and claimants are treated fairly and equitably. The section conducts examinations in accordance with the guidelines established by the NAIC and other recognized agencies and institutions and prepares reports to the Commissioner disclosing factual findings and making recommendations for corrective action when necessary.

Company Count by Calendar Year

<table>
<thead>
<tr>
<th>Company Type</th>
<th>12/31/17</th>
<th>12/31/16</th>
<th>12/31/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Domestic</td>
<td>Foreign</td>
<td>Alien</td>
</tr>
<tr>
<td>Adjuster Company</td>
<td>355</td>
<td>379</td>
<td>0</td>
</tr>
<tr>
<td>Title</td>
<td>1</td>
<td>21</td>
<td>0</td>
</tr>
<tr>
<td>Accredited Reinsurer</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Accepted Reinsurer</td>
<td>0</td>
<td>24</td>
<td>17</td>
</tr>
<tr>
<td>Captive</td>
<td>56</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Premium Finance Company</td>
<td>22</td>
<td>41</td>
<td>0</td>
</tr>
<tr>
<td>PrePaid Dental</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>PrePaid Legal</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>SCP/VPPW</td>
<td>70</td>
<td>135</td>
<td>0</td>
</tr>
<tr>
<td>Automobile Club</td>
<td>4</td>
<td>27</td>
<td>0</td>
</tr>
<tr>
<td>Fraternal</td>
<td>1</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>HMO</td>
<td>3</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Reciprocal Exchange</td>
<td>0</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Preneed</td>
<td>254</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Risk Purchasing Group</td>
<td>11</td>
<td>295</td>
<td>0</td>
</tr>
<tr>
<td>Risk Retention Company</td>
<td>0</td>
<td>85</td>
<td>0</td>
</tr>
<tr>
<td>Health Care Service Plan</td>
<td>2</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Certified Reinsurer</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Property &amp; Casualty</td>
<td>18</td>
<td>850</td>
<td>0</td>
</tr>
<tr>
<td>Life &amp; Health</td>
<td>7</td>
<td>428</td>
<td>0</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>809</strong></td>
<td><strong>2,321</strong></td>
<td><strong>21</strong></td>
</tr>
</tbody>
</table>
Producer Licensing Overview

The Producer Licensing Division (PLD) is responsible for licensing Insurance Producers, as well as Title Insurance Agents, Surplus Line Brokers, Independent Adjusters, Service Representatives, and Portable Electronics Insurance Vendors.

In 2017, the Producer Licensing Division issued a total of 169,184 licenses to both individuals and business entities, a 0.8 percent over 2016. Licenses issued to individual adjusters, both resident and non-resident, grew by 7.5 percent over 2016 with business entity adjuster licenses growing by 8 percent. PLD also issued 12 emergency adjuster licenses after emergency/disaster events, collecting a total of $600. PLD collected $17,491,540 in licensing fees in 2017. Additionally, in 2017 the Producer Licensing Division began administering the licensing of Preneed Sales Agents under the Alabama Preneed Funeral and Cemetery Act.

**Licensing Totals for FY2016 & FY2017**

<table>
<thead>
<tr>
<th>Individual</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjuster</td>
<td>17,210</td>
<td>18,376</td>
</tr>
<tr>
<td>Managing General Agent</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Portable Electronic Ins - Large</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Portable Electronic Ins - Small</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>Preneed Sales Agent</td>
<td>951</td>
<td>930</td>
</tr>
<tr>
<td>Producer</td>
<td>121,931</td>
<td>122,664</td>
</tr>
<tr>
<td>Reinsurance Intermediary</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Service Representative</td>
<td>25</td>
<td>21</td>
</tr>
<tr>
<td>Surplus Line Broker</td>
<td>1,808</td>
<td>1,841</td>
</tr>
<tr>
<td>Title Insurance Agent</td>
<td>697</td>
<td>523</td>
</tr>
<tr>
<td>Temporary Title Agent</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Temporary Casualty</td>
<td>17</td>
<td>17</td>
</tr>
<tr>
<td>Temporary Health</td>
<td>1037</td>
<td>959</td>
</tr>
<tr>
<td>Temporary Property</td>
<td>57</td>
<td>54</td>
</tr>
<tr>
<td>Temporary Personal Lines</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Temporary Life</td>
<td>1,585</td>
<td>1,545</td>
</tr>
<tr>
<td>Apprentice Adjuster</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total Individuals</strong></td>
<td><strong>145,363</strong></td>
<td><strong>146,976</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Entity</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjuster</td>
<td>160</td>
<td>174</td>
</tr>
<tr>
<td>Managing General Agent</td>
<td>33</td>
<td>39</td>
</tr>
<tr>
<td>Portable Electronic Ins - Large</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Portable Electronic Ins - Small</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>Producer</td>
<td>9,165</td>
<td>8,860</td>
</tr>
<tr>
<td>Reinsurance Intermediary</td>
<td>15</td>
<td>17</td>
</tr>
<tr>
<td>Surplus Line Broker</td>
<td>606</td>
<td>652</td>
</tr>
<tr>
<td>Title Insurance Agent</td>
<td>399</td>
<td>247</td>
</tr>
<tr>
<td><strong>Total Business Entities</strong></td>
<td><strong>10,401</strong></td>
<td><strong>10,013</strong></td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>311,528</strong></td>
<td><strong>303,965</strong></td>
</tr>
</tbody>
</table>
Consumer Services Overview

The Consumer Services Division primarily receives individual consumer complaints and inquiries regarding insurance. Additionally, it provides educational material and assistance for senior citizens and other consumers, responds and deploys staff members to disaster sites to assist victims in expediting insurance claims, participates in consumer outreach programs by speaking to community and consumer groups throughout the state, and investigates alleged violations of insurance laws and rules.

In 2017, the Consumer Services Division handled almost 4,300 complaints and inquiries from consumers, as follows:

<table>
<thead>
<tr>
<th>Line of Insurance</th>
<th>Complaints</th>
<th>Inquiries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile</td>
<td>912</td>
<td>203</td>
<td>1,115</td>
</tr>
<tr>
<td>Fire &amp; Allied Lines</td>
<td>18</td>
<td>10</td>
<td>28</td>
</tr>
<tr>
<td>Homeowners</td>
<td>293</td>
<td>116</td>
<td>409</td>
</tr>
<tr>
<td>Life &amp; Annuity</td>
<td>344</td>
<td>228</td>
<td>572</td>
</tr>
<tr>
<td>Accident &amp; Health</td>
<td>527</td>
<td>243</td>
<td>770</td>
</tr>
<tr>
<td>Liability</td>
<td>15</td>
<td>7</td>
<td>22</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>42</td>
<td>36</td>
<td>78</td>
</tr>
<tr>
<td>No Line Identified</td>
<td>7</td>
<td>1,297</td>
<td>1,304</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,158</strong></td>
<td><strong>2,140</strong></td>
<td><strong>4,298</strong></td>
</tr>
</tbody>
</table>

Rates and Forms Overview

The Rates and Forms Division enforces the laws, regulations and bulletins pertaining to insurance companies, producers, adjusters and other licensed entities in the following ways:

- Reviews Rate filings submitted by insurers
- Reviews Form filings submitted by insurers
- Assists consumers with regard to their rating and underwriting complaints.
- Responds and deploys staff to disaster sites to assist victims

In 2017, Rates and Forms Division handled more than 7,300 rate and form filings, as follows:

<table>
<thead>
<tr>
<th>Type of Insurance</th>
<th>Rates</th>
<th>Forms</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Passenger Auto</td>
<td>213</td>
<td>76</td>
<td>289</td>
</tr>
<tr>
<td>Homeowners</td>
<td>200</td>
<td>114</td>
<td>314</td>
</tr>
<tr>
<td>Workers Compensation</td>
<td>134</td>
<td>87</td>
<td>221</td>
</tr>
<tr>
<td>Commercial Multi Peril</td>
<td>340</td>
<td>265</td>
<td>605</td>
</tr>
<tr>
<td>Commercial Auto</td>
<td>214</td>
<td>166</td>
<td>380</td>
</tr>
<tr>
<td>General Liability</td>
<td>581</td>
<td>863</td>
<td>1,444</td>
</tr>
<tr>
<td>Life &amp; Health</td>
<td>1,409</td>
<td>850</td>
<td>2,259</td>
</tr>
<tr>
<td>All other</td>
<td>651</td>
<td>1,207</td>
<td>1,858</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>3,742</strong></td>
<td><strong>3,628</strong></td>
<td><strong>7,370</strong></td>
</tr>
</tbody>
</table>
Preneed Overview

Under the Alabama Preneed Funeral and Cemetery Act, the ALDOI is responsible for licensing, monitoring and examining all entities engaged in preneed sales as well as their registered sales agents. In addition, it is responsible for monitoring endowment care funds maintained by cemetery authorities. This function is carried out by the Department’s Examination Division.

As of December 31, 2017, the following types of entities were licensed with the indicated line of authority:

<table>
<thead>
<tr>
<th>Preneed Line of Authority</th>
<th>Preneed License Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Certificate of Authority</td>
<td>Registered Branch</td>
</tr>
<tr>
<td>Total Preneed Licensed Entities</td>
<td>246</td>
<td>117</td>
</tr>
<tr>
<td>Registered Preneed Sales Agents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inactive Licensees with Preneed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment Care only (no preneed license)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Regulated Entities and Individuals</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Additional activities conducted by the Preneed Division in calendar year 2017:

<table>
<thead>
<tr>
<th>Preneed &amp; Endowment Care Examinations</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Licensees</td>
<td>29</td>
</tr>
<tr>
<td>Inactive Licensees and Endowment Care Only</td>
<td>0</td>
</tr>
<tr>
<td>Unlicensed Preneed Investigations</td>
<td>3</td>
</tr>
<tr>
<td>Total Examinations</td>
<td>32</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preneed Applications</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>New Certificates of Authority or Branch</td>
<td>11</td>
</tr>
<tr>
<td>New Preneed Sales Agent Registrations</td>
<td>95</td>
</tr>
<tr>
<td>Renewals</td>
<td>244</td>
</tr>
<tr>
<td>Total Applications</td>
<td>355</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Preneed Reports</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Semi-Annual Reports</td>
<td>707</td>
</tr>
<tr>
<td>Endowment Care Reports</td>
<td>99</td>
</tr>
<tr>
<td>Annual Inactive Reports</td>
<td>17</td>
</tr>
<tr>
<td>Annual Financial Statements</td>
<td>238</td>
</tr>
<tr>
<td>Total</td>
<td>823</td>
</tr>
</tbody>
</table>

| Consumer Requests for Assistance | 73 |

2017 ANNUAL REPORT OF THE ALABAMA DEPARTMENT OF INSURANCE
Strengthen Alabama Homes

The Strengthen Alabama Homes program provides grants to Alabama residents of Baldwin and Mobile Counties to assist them in residential wind fortification on existing, owner occupied, single family homes. Funding for this program comes from the insurance industry in Alabama and is not funded from the state's general budget, nor is it tied to a federally funded program.

Wind fortification consists of construction methods that strengthen a home against severe storms, high winds and wind driven rain. Fortification reduces the risk of damage during storms, and in Alabama, provides homeowners discounts to their wind insurance premium and deductible. The fortification standard adopted by the Strengthen Alabama Homes program is known as the FORTIFIED Home™ program and it was developed by the Insurance Institute for Business and Home Safety (IBHS). To receive an SAH grant, a resident must reach the IBHS FORTIFIED Bronze or Silver standard.

Under the program:

- SAH grants will pay 100 percent of the cost of mitigation up to $10,000;
- The grant award amount MAY NOT cover the entire cost of the work needed;
- Work completed must meet the FORTIFIED™ Bronze or Silver standard;
- Homeowners must pay a small fee for the FORTIFIED™ Evaluation; and,

A FORTIFIED™ evaluation is a required step in the FORTIFIED™ process and provides homeowners and contractors an understanding of the work needed to mitigate a home. A certified evaluator will perform an initial review of the current condition of the home and provide documentation of the steps needed to reach either the FORTIFIED™ Bronze or Silver level. As mitigation continues, the evaluator will work with contractors to document all the work and submit the home for certification. Homes with a FORTIFIED™ Designation in Alabama receive discounts ranging from 20 percent to 50 percent on the wind portion of their homeowner’s insurance premium.

Key points of the SAH program in 2017.

- Removed means test from grant eligibility requirement and based amount of award on a maximum amount. Removing the means test made qualifying for a grant equal for everyone.
- Means test grants ranged from $3,000 to $7,500 per household, depending on qualifications. Maximum grant award without the means test is $10,000 per household.
- Average cost to achieve the IBHS FORTIFIED™ Bronze level for Hurricane protection is $9,400.
- Placed a moratorium on applications due to demand of the program and a lack of funding to meet the demand.

Status of the SAH program as of the end of FY2017.

- Number of homes with FORTIFIED™ projects completed: 399
- Amount of funding available for FY2017: $4,500,000
- FORTIFIED™ jobs projected to be completed with FY2017 funding: 450
- Number of grant award since inception of the SAH program (9/1/16): 753
- Grant applications awaiting funding: 6,625
Legislative Report

The Department of Insurance had success during the 2017 Regular Legislative Session.

Department of Insurance Bills:
Act 2017-228, HB94 (Rich) – Risk Based Capital/Holding Company Act Amendments
Act 2017-318, HB157 (South) – Supplemental Appropriations Bill – Provision for ALDOI’s Strengthen Alabama Homes Program

Other Insurance Bills:
Act 2017-337, HB284 (Patterson) – Autism Spectrum Disorder
Act 2017-431, HB357 (Rich) – Independent Adjusters
Act 2017-460, SB94 (Orr) – Physician & Dentist Agreements

Bill of Interest to the State Fire Marshal:
Act 2017-240, HB66 (Haynes) – Sprinkler Systems
History of the Alabama Department of Insurance

In 1897, the Legislature passed a comprehensive act to regulate the business of insurance in this state, with the Secretary of State serving as Insurance Commissioner ex officio and the chief officer of the Department of Insurance.\(^1\) In 1915, a completely “separate and distinct” department was created as the Department of Insurance, with its chief officer, to be known as the Commissioner of Insurance, appointed by the Governor.\(^2\) In 1923, the Legislature “… created, lieu of the Department of Insurance, the Bureau of Insurance …,” with its chief officer, entitled the "Superintendent of Insurance," appointed by the Governor.\(^3\) In 1939, a Department of Commerce was created by the Legislature, consisting of the Bureau of Banking, the Bureau of Insurance, and the Bureau of Building and Loan.\(^4\) In 1951, the department was again made a separate state agency called the Department of Insurance.\(^5\) The title of the chief officer was last changed in 1971 to Commissioner of Insurance.\(^6\)

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. The NAIC has established a formal certification program to accredit each state insurance regulator, requiring risk-focused financial surveillance to include on-site examinations, and requires solvency-related model laws, rules and guidelines that have been adopted through consensus and collaboration. Accredited insurance departments are required to undergo a comprehensive review by an independent review team every five years to ensure the departments continue to meet baseline financial solvency oversight standards. The Alabama Department has been continuously accredited by the NAIC since 1995.

Alabama Commissioners of Insurance

From 1897 to 1915, the Alabama Secretary of State also served as Ex-Officio Insurance Commissioner, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Commissioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1897-1898</td>
<td>James K. Jackson</td>
</tr>
<tr>
<td>1898-1903</td>
<td>Robert P. McDavid</td>
</tr>
<tr>
<td>1903-1904</td>
<td>James Thomas Heflin</td>
</tr>
<tr>
<td>1904-1907</td>
<td>Edmund R. (Ned) McDavid</td>
</tr>
<tr>
<td>1907-1910</td>
<td>Frank Newsom Julian</td>
</tr>
<tr>
<td>1910-1915</td>
<td>Cyrus Billingslea Brown</td>
</tr>
<tr>
<td>1915</td>
<td>John Purifoy</td>
</tr>
</tbody>
</table>

During the time the Secretary of State was Ex-Officio Insurance Commissioner, the Department of Insurance was directly under the supervision of a Deputy Insurance Commissioner, as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Commissioner</th>
</tr>
</thead>
<tbody>
<tr>
<td>1897-1900</td>
<td>E.P. Roberts</td>
</tr>
<tr>
<td>1900-1903</td>
<td>Edmund R. (Ned) McDavid</td>
</tr>
<tr>
<td>1904-1905</td>
<td>Henry R. Shorter</td>
</tr>
<tr>
<td>1906-1910</td>
<td>Albert Campbell Sexton</td>
</tr>
<tr>
<td>1910-1913</td>
<td>Hervey Woodford Laird</td>
</tr>
<tr>
<td>1913-1915</td>
<td>James L. Purifoy</td>
</tr>
</tbody>
</table>

From October 1, 1915, to September 30, 1923, the Department of Insurance was a separate state agency under the direction of a Commissioner of Insurance, appointed by the Governor, as follows:

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1915-1919 Charles Brooks Smith, appointed by Gov. Charles Henderson
1919 Charles Brooks Smith, appointed by Gov. Thomas E. Kilby
1919-1922 Albert Walker Briscoe, appointed by Gov. Thomas E. Kilby
1922-1923 R.P. Coleman, appointed by Gov. Thomas E. Kilby
1923 Frank Newsum Julian, appointed by Gov. William W. Brandon

From October 1, 1923, to February 8, 1939, the Bureau of Insurance was a separate state agency under the direction of a Superintendent of Insurance, appointed by the Governor, as follows:

1923-1927 Frank Newsum Julian, appointed by Gov. William W. Brandon
1927-1931 George H. Thigpen, appointed by Gov. Bibb Graves
1931-1935 Charles C. Greer, appointed by Gov. Benjamin M. Miller
1935-1939 Frank Newsum Julian, appointed by Gov. Bibb Graves

From February 9, 1939, until September 30, 1951, the Bureau of Insurance was a division of the Department of Commerce, with the Superintendent of Insurance and the Director of Commerce being appointed by the Governor, as follows:

1939-1943 Frank Newsum Julian, appointed by Gov. Frank M. Dixon
1943-1944 Frank Newsum Julian & Addie Lee Farish (Director of Commerce), appointed by Gov. Chauncey Sparks
1944-1945 Brooks Glass (acting) & Addie Lee Farish (Director of Commerce), appointed by Gov. Chauncey Sparks
1945-1947 R.N. Cartwright, Jr. (deputy) & Addie Lee Farish (Director of Commerce), appointed by Gov. Chauncey Sparks
1947-1951 Leslie Lee Gwaltney, Jr. & Brooks Glass (Director of Commerce), appointed by Gov. James E. Folsom

Beginning October 1, 1951, the Department of Insurance again became a separate and distinct state agency, and effective January 1, 1972, the title of the chief executive officer was changed from Superintendent of Insurance to Commissioner of Insurance, all appointed by the Governor, as follows:

1955-1956 Leslie Lee Gwaltney, Jr., appointed by Gov. James E. Folsom
1956-1959 James H. Horn, appointed by Gov. James E. Folsom
1967-1968 Walter Sessions Houseal, appointed by Gov. Lurleen Wallace
1979 Albert J. Winfield (acting), appointed by Gov. Fob James
1980-1983 Tharpe Forrester, appointed by Gov. Fob James
1984 Joe R. Holt, appointed by Gov. George Wallace
1984-1985 Tharpe Forrester, appointed by Gov. George Wallace
1987 Nelson Burnett, appointed by Gov. George Wallace
1987 James M. Dunn, appointed by Gov. Guy Hunt
1988-1993 Mike Weaver, appointed by Gov. Guy Hunt
1999-2003 D. David Parsons, appointed by Gov. Don Siegelman
2003-2008    Walter A. Bell, appointed by Gov. Bob Riley
2008         D. David Parsons, appointed by Gov. Bob Riley
2008-2011    Jim L. Ridling, appointed by Gov. Bob Riley
2017–Present Jim L. Ridling, appointed by Gov. Kay Ivey
Current Staff of the Alabama Department of Insurance
(as of December 31, 2017)

Administrative
Commissioner ................................................................. Jim L. Ridling
Chief of Staff ................................................................. Mark Fowler
Executive Secretary ......................................................... Angela Slade
Departmental Personnel Manager ......................... Michelle Hendrix
Public Information Specialist ............................ Jennifer Bowen
Receptionist ................................................................. Dana Hartin

Accounting Division
Accounting Director ......................................................... Terese Toby
Accounting Manager ........................................................ Nicole Boswell
Senior Accountants .......................................................... Shawndala Harrison
                                      Tisha Johnson
                                      LaKisha Hardy
Staff Accountants ............................................................ Saketa Moore
Purchasing ................................................................. Dwayne Graham
                                      Sean Broadnax
Property Management/IT Systems Specialist ................ Charlene Williams
Account Tech ................................................................. Lucy Hale

Information Technology Division
Manager ................................................................. Vacant
Senior Programmer Analysts ........................................... Effie Brown
                                      Melody Burton
Programmer Analysts ........................................................ Dedra Howard
                                      Brenda Summersgill
IT Systems Specialist ........................................................ Chris Winters
Senior IT Systems Technician ........................................ Talmadge Foreman
                                      Jackie Rice
IT Systems Technician ........................................................ Brent Holman
IT Operations Technician ............................................ Alice Chance

Insurance Regulation Team
Deputy Commissioner & Chief Actuary ................ Charles Angell
Deputy Commissioner ........................................................ Jerry Workman

Rates & Forms Division
Actuaries ................................................................. Steven Ostlund
                                      Daniel Davis
Insurance Rate Manager .......................................... Craig Devitt
Insurance Rate Analysts ................................................ Lynn Hollifield
                                      Yada Horace
                                      Gina Hunt
                                      Michael Mullen
                                      Anthony Williams
                                      Ken Williamson
Administrative Support Assistant .......................... Darlene Geeter
Retired State Employee ................................................ Robert Turner
Producer Licensing Division
Licensing Manager ............................................. Jimmy Gunn
Licensing Supervisors ........................................... Antwonne Dunklin
   Deborah Fike
Departmental Operations Specialist .............. Danyetta Moore
Administrative Support Assistants ...................... Mary Brown
   William Coleman
   Michelle Driggers
   Cheryl Moore
Clerks .................................................................... Tiffney Jackson
Clerical Aides ..................................................... Ursula Jackson

Consumer Services Division
Manager ................................................................. Myra Frick
Insurance Consumer Specialists ...................... Steven Dozier
   Dan Gates
   Cissy Harper
   Sherrie Jones
   Marie McKitt
   Dusty Smith
   Stephanie Tompkins
Administrative Support Assistants .............. Pamela Lovelace
   Loreal Oliver
Account Clerk ............................................................. Judy Halse

Strengthen Alabama Homes
Director ................................................................. Brian Powell
Planning & Economic Development Specialist ...... Ashely Cook
   Carol Garrett
Administrative Support Assistants .................. Cynthia Flowers
Accountant ............................................................. Jennifer Cushman

Financial Solvency & Regulation Team
Chief Examiner ........................................................... Richard Ford

Company Licensing & Premium Tax
Insurance Examiner IV ............................................ Ann Strickland
Insurance Examiners .............................................. Todrick Burks
   Belinda Williams

Company Admissions
Insurance Examiner IV ........................................... Sean Duke

Financial Analysis
Insurance Examinations Supervisor ..................... Sheila Travis
Financial Analysts .................................................. Doug Brown
   Hamp Russell
   Ken Smithson
   Glenda Wilson
   Ken Smithson
Market Conduct Analysts ...................................... Kathy Talley
   April Thomas
Insurance Examinations

Insurance Examinations Supervisor ......................... Francis Abreo
Insurance Examiners .............................................. Rhonda Ball
                Jennifer Haskell
                Toni Bean
                Andre Dobynes
                Theo Goodin
                Jill Gregory
                Jerry Hyche
                Palmer Nelson
                Agnes Riggins
                Mora Perkins-Taylor
                Agnes Riggins
                William Smith
                Charles Turner

Insurance Examination Specialists.......................... Rita Summerlin
Retired State Employees........................................... Mac Stagner
                Geraldine Thomas

Administrative Support Assistants ......................... Elena Taylor
                Chemeka Williams
                Jessica Williamson

Legal Team

General Counsel .................................................. Reyn Norman

Legal Division

Chief Counsel ..................................................... Fairley McDonald
Associate Counsel ............................................. Ryan Donaldson
                Lucie McLemore
                William Rodgers
                Dennis Wright

Legal Research Assistants ................................. Stacy Farris
                Shawn Stewart

Administrative Support Assistants ..................... Brenda Camp
                Colvin Taylor

Receivership Division

Receiver ............................................................... Denise Azar
Insurance Consumer Complaint Specialists .......... Lorenzo Alexander
                Tamara Slater

Accountant ............................................................ Rosalyn Pitts
Staff Accountant ................................................... Kathy Griffith

Administrative Support Assistant ...................... Eumekia Fannin
State Fire Marshal’s Office

State Fire Marshal ................................................................. Scott F. Pilgreen

Fire Marshal Unit

Assistant State Fire Marshal ......................... Mark Drinkard
Deputy State Fire Marshals ................................. Bill Atkins
   Jason Clifton
   Fred Cochran
   Jimmy Collier
   Ray Cumby
   Curtis Dykes
   Phillip Freeman
   Jonathan Gassett
   Michael Gore
   Charles Gorey
   Jim Hannah
   Jebb Harrison
   Jeffrey Lowery
   Gregory Pinkard
   Michael Railey
   Roderick Reed
   William Register
   Stantonous Ross
   Michael Talley
   Andrew Yarbrough

Special Agents ..................................................... Gary Cartee
   James Hannah

Departmental Operations Specialist ................. Alesha Womble
Administrative Support Assistants .................... Debra Lewis
   Vicki Parker
   Margot Whatley
   Cheryl White

Insurance Fraud Unit

Acting Assistant State Fire Marshal .................... Jim Finn
Insurance Fraud Investigators ............................. Larry Coleman
   Patrick Crockett
   William Gordon

Forensic Fraud Examiner ................................. Cristi Owen