RULES AND PROCEDURES FOR REPORTING VOLUNTARY WRITINGS
TO THE ALABAMA INSURANCE UNDERWRITING ASSOCIATION

As provided in the Plan of Operation, a Member may receive annual credit for Essential Property Insurance that includes coverage for the peril of wind voluntarily written in Eligible Areas as defined by Alabama Insurance Underwriting Association (AIUA) and approved by the Commissioner of Insurance, thereby reducing or eliminating its percentage of participation in the Association. Such credit is conditioned, however, upon compliance with the following rules and procedures. See Plan of Operation and AIUA Dwelling Program Manual for a description of eligible areas.

A. Reporting of Voluntary Writing

The Rules pertaining to reporting of voluntary writing in the eligible areas are as follows:

1. **Form** -- Members must submit to the Association a bordereau listing of all qualifying policies written in the Eligible Areas during the calendar year. The Association will recommend a format for bordereau, but company forms or computer summaries will be accepted if the necessary information is contained therein. "Premiums" or "Voluntary Premiums" for purposes of reporting voluntary writings means the Net Direct Premiums written by a Member for property insurance that includes coverage for the peril of wind, voluntarily written in Eligible Areas as defined by the Association and approved by the Commissioner. Premiums must be reported by type of policy, i.e., "Fire", "Homeowners", "Mobile Homeowners", or "Packaged Multiple Peril," on separate pages for each type. Totals must be shown on each page. All Automobile premiums and Farm premiums must be eliminated from all policy premiums.

2. **Content** -- Reports of voluntary writings must contain the following information:

a) Policy Number
b) Named Insured
c) Effective Dates
d) Type of Policy (As instructed above)
e) Total Premium for the Year Being Reported
f) Location of Property (No post office box or rural route numbers)
g

Members must report all additional premium transactions on policies previously reported, such as additional premium endorsements. Members must also report all return premiums on policies previously reported, including cancellation of policies, and return premium endorsements. The Association reserves the right to reject any report of voluntary writings that fails to contain the required content.

3. **Timing** -- Reports of voluntary writings may be submitted yearly or, preferably, quarterly. All reports, including Year-end bordereau, must be received by the Association no later than March 31, of the following year. No credit will be given for reports of voluntary writings received after March 31, except as provided in subpart 6 below.

4. **Group Members Credit** -- Members within an insurance group may elect to report their voluntary writings, and have them applied, on a group basis. If an insurance group elects to file a group report of voluntary writings, its members' reports of statewide premium writings must also be reported on a group basis for the purpose of calculating annual participation.

5. **Audit** -- The Association will audit all reports of voluntary writings and return any that are incomplete, inaccurate or otherwise questioned. The Association may audit policy data and information for all of the voluntary writings submitted for credit against future assessments. No Member will be required to submit more than one hundred (100) declarations pages for purposes of such audit. The Association will return the entire bordereau if more than ten percent (10%) is incorrect. If an audited report is returned to a Member for correction, such Member shall have (30) thirty days in which to correct its report. Any report reflecting no return premiums will automatically be questioned as to validity unless the reporting Member certifies on the bordereau that no cancellations or return premium endorsements on previously reported policies were processed during the reporting period. If a Member continues to have an unacceptable error rate, the Association may require that the Member file copies of its daily reports and endorsements in addition to its bordereau.

6. **Corrections and Revisions** -- After March 31, reporting deadline, a Member shall have thirty (30) days in which it may correct errors or omissions in its report (made in good faith) without penalty. Such corrections must be received by the Association no later than April 30. However, no such “correction” shall be accepted from any Member which fails, in the first instance, to submit a report by March 31, deadline. In other words, this rule shall NOT operate to effectively extend the reporting deadline to April 30.

B. Computation of Credit for Voluntary Writings

After the annual reports of voluntary writings have been audited, the Association shall notify each reporting Member of the total amount of its voluntary writings qualifying for credit. That determination and notice shall constitute an "action or decision" of the Association under Section VIII of the Plan of Operation, after which each Member shall have thirty (30) days to appeal.

Credit for voluntary writings shall be calculated on the basis of 100% for Fire policies, 75% for Homeowners and Mobile Homeowners policies, and 50% for Commercial Multi-Peril policies.

Premiums for policies excluding wind and hail coverage are not eligible for credit. Automobile premiums and Farm premiums are not eligible for credit.

C. Computation of Participation

1. **Annual Percentage of Participation** -- As provided in the Plan of Operation, each Member shall participate in the Association's writings, expenses, profits and losses in the proportion that its net direct premiums in the entire State bears to the aggregate net direct premiums written in the State by all Members of the Association, subject to adjustments prescribed by the Board through these Rules and Procedures. The Association shall compute the Members' percentage of participation according to the worksheet formula contained in Appendix A. As soon as practicable each year, the Association shall determine and notify each Member of its percentage of participation.

Such determination and notice shall constitute an "action or decision" of the Association under Section VIII of the Plan of Operation, after which any member shall have (30) days within which to appeal the computation of its participation percentage. Anything to the contrary notwithstanding, such right of appeal shall not extend to any earlier determination by the Association regarding voluntary credit computations.

2. **Subsequent Computations** -- Whenever it becomes necessary to recompute the Members' participation before an Association year is closed, each Member shall have thirty (30) days after notice of the revised participation to appeal that computation. As in all other instances, however, and anything to the contrary notwithstanding such right of appeal shall not extend any earlier computation or determination by the Association.

D. **Definitions**

The words "Association", "Commissioner", "Eligible Areas", "Essential Property Insurance", "Member", "Plan of Operation", "State", and "Wind and Hail Coverage", as used herein, shall have the meanings ascribed under Section II of the Plan of Operation, as revised.

STATE OF MEMBERS PARTICIPATION
ALABAMA INSURANCE UNDERWRITING ASSOCIATION
(Association Year_____)

The following is a computation of your company's percentage of participation for Association Year_____.

ITEM

*1. Net Direct Premium written by your company in the State..... $_____

*2. Net Direct Premium written by all companies in the State..... $_____

*3. Your percentage of total Net Direct Premiums written in the State
(Item 1 + Item 2).....
_____%

4. Total premiums written by Association-Association Year (as of_____)..... $_____

**5. Total Voluntary Premiums Written
in Eligible Areas by All Companies (Total of Item 11 for all companies)….. $_____

6. Total premiums written by Association and Voluntary Premiums Written
in Eligible Areas by all companies (Item 4 + Item 5)..... $_____

7. Your company's maximum required share of premiums written
(Item 3 x Item 6).....$_____

**8. Voluntary premiums written by your company in Eligible Areas in ZONE 1.. $_____

9. Your maximum possible allocation from Association (Item 7 - Item 8)….. $_____

10. Your Final Percentage of Participation (Item 9 for your company divided
by Item 9 for all companies). ……..... _____%

*Based on (prior year) reports of premiums submitted by members.

**Voluntary premiums written are those applicable to previous calendar year.

APPENDIX A