

1 SB479
2 136052-1
3 By Senator Bedford
4 RFD: Banking and Insurance
5 First Read: 05-APR-12

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8 SYNOPSIS: To repeal portions of Title 27 of the Code
9 of Alabama 1975.

10
11 A BILL
12 TO BE ENTITLED
13 AN ACT

14
15 Relating to the Alabama Insurance Code, to repeal
16 the following:

17 27-1-1 This title constitutes the Alabama Insurance
18 Code.

19 27-1-2 For the purposes of this title, the following
20 terms shall have the meanings respectively ascribed to them by
21 this section. (1) INSURANCE. A contract whereby one
22 undertakes to indemnify another or pay or provide a specified
23 amount or benefit upon determinable contingencies. (2)
24 INSURER. Every person engaged as indemnitor, surety or
25 contractor in the business of entering into contracts of
26 insurance. (3) PERSON. An individual, insurer, company,

1 association, organization, Lloyd's insurer, society,
2 reciprocal insurer or interinsurance exchange, partnership,
3 syndicate, business trust, corporation, and every legal
4 entity. (4) COMMISSIONER. The Commissioner of Insurance of
5 this state. (5) DEPARTMENT. The Department of Insurance of
6 this state. (6) DOMESTIC INSURER. One formed under the laws
7 of this state. (7) FOREIGN INSURER. One formed under the laws
8 of any jurisdiction other than this state. Except where
9 distinguished by context, "foreign" insurers includes also
10 "alien" insurers. (8) ALIEN INSURER. One formed under the
11 laws of any country other than the United States of America,
12 its states, district, territories, and commonwealths. (9)
13 STATE. Such term, when used in context signifying a
14 jurisdiction other than the State of Alabama, means any state,
15 district, territory, commonwealth, or possession of the United
16 States of America. (10) AUTHORIZED INSURER; UNAUTHORIZED
17 INSURER. An "authorized" insurer is one duly authorized, by a
18 subsisting certificate of authority issued by the
19 commissioner, to transact insurance in this state. An
20 "unauthorized" insurer is one not so authorized. (11)
21 TRANSACT. Such term, with respect to insurance, includes any
22 of the following: a. Solicitation and inducement; b.
23 Preliminary negotiations; c. Effectuation of a contract of
24 insurance; or d. Transaction of matters subsequent to
25 effectuation of a contract of insurance and arising out of it.

1 27-1-3 No provision of this title shall apply with
2 respect to: (1) Domestic mutual aid associations, as
3 identified in Chapter 30, except as stated in Chapter 30; or
4 (2) Fraternal benefit societies, as identified in Chapter 34,
5 except as stated in Chapters 34 and 35.

6 27-1-4 This title shall not apply as to: (1) Any
7 fraternal or other organization or activity which is exempted
8 from the provisions of Chapter 34 under Section 27-34-5,
9 except to the extent provided in such section; (2) Nonprofit
10 corporations for establishment of hospitalization plan under
11 Section 10-4-100 et seq., except to the extent now or
12 hereafter provided in such laws; (3) The insurance department
13 of a brotherhood or labor union, the members of which are
14 subject to the act of Congress known as the Railway Labor Act;
15 or (4) The establishment, maintenance, administration and
16 operation of any trust established pursuant to Section
17 22-21-240 by agreement of any hospitals, other health care
18 units or dental practitioners licensed as such by the State of
19 Alabama.

20 27-1-5 No person shall transact a business of
21 insurance in Alabama, or relative to a subject resident,
22 located or to be performed in Alabama, without complying with
23 the applicable provisions of this title.

24 27-1-6 Provisions of this title relative to a
25 particular kind of insurance, a particular type of insurer or
26 a particular matter shall prevail over provisions in this

1 title relating to insurance in general, insurers in general or
2 such matters in general.

3 27-1-7 The scope and meaning of any provision shall
4 not be limited or otherwise affected by the caption or heading
5 of any chapter, section or provision.

6 27-1-8 (a) Any life insurance company of this state,
7 for the purpose of investing its capital, surplus and other
8 funds, or any part thereof, other than the deposit fund, may
9 invest in notes secured by mortgages or trust deeds on
10 unencumbered real estate located within the United States
11 whose principal amount shall not be more than three fourths of
12 the value of said real estate. For the purposes of this
13 section, real estate shall not be deemed to be encumbered
14 within the meaning of this section by reason of the existence
15 of taxes or assessments that are not delinquent, instruments
16 creating or reserving mineral, oil or timber rights,
17 rights-of-way, joint driveways, sewer rights, public utility
18 easements, rights in walls, nor by reason of building
19 restrictions or other restrictive covenants nor when such real
20 estate is subject to lease in whole or in part whereby rents
21 or profits are reserved to the owner; provided, that the
22 security created by the mortgage or trust deed on such real
23 estate securing such note is a first lien upon such real
24 estate and that there is no condition or right of reentry or
25 forfeiture under which such lien can be cut off, subordinated
26 or otherwise disturbed. (b) Nothing contained in this section

1 shall be construed to affect or limit the right heretofore
2 granted to life insurance companies to invest funds in
3 mortgages insured by the Federal Housing Commissioner or his
4 successors or to loans guaranteed or insured by the Veterans
5 Administration; nor shall anything contained in this section
6 apply to purchase money obligations.

7 27-1-9 (a) In addition to all other investments now
8 authorized by law, life insurance companies of this state are
9 hereby authorized to invest in any loan or loans which may be
10 guaranteed in whole or in part under the act of Congress known
11 as the Service Men's Readjustment Act of 1944, or any
12 amendments thereto. (b) Any portion of any such loan which is
13 not either insured by the Federal Housing Commissioner or
14 guaranteed under said Service Men's Readjustment Act shall be
15 subject to the provisions of law now in existence with respect
16 to uninsured mortgage loans. (c) This section is remedial in
17 its nature and shall be liberally construed.

18 27-1-10 Any contract or policy of insurance or any
19 plan or agreement for health services providing for
20 reimbursement or payment for health services performed by a
21 medical doctor or physician or upon the certification of a
22 medical doctor, surgeon, osteopath or physician, shall also
23 reimburse or pay for such health services performed by a
24 doctor of chiropractic or

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Sections 27-1-1 to 27-1-10, Code of
2 Alabama 1975, are repealed.

3 Section 2. This act shall become effective
4 immediately following its passage and approval by the
5 Governor, or its otherwise becoming law.