

1 SB481
2 136061-1
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.

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11 A BILL
12 TO BE ENTITLED
13 AN ACT
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15 Relating to the Alabama Insurance Code, to repeal
16 the following:

17 27-1-24 (a) Every insurer authorized to write and
18 engaged in writing, on a direct basis, fire and extended
19 coverage insurance in Alabama shall be and remain a member of
20 the Alabama Insurance Underwriting Association, an
21 unincorporated nonprofit joint underwriting association
22 organized in 1970 and in continuous existence from 1970
23 through November 1, 2008. Every such insurer shall be and
24 remain a member of the association so long as the association
25 is in existence as a condition of such insurer's authority to
26 continue to transact the business of insurance in Alabama. An

1 insurer that ceases to be a member of the association due to
2 withdrawal from the business of insurance in Alabama or its
3 withdrawal from writing fire and extended coverage insurance
4 in Alabama remains liable to the association as to contracts
5 entered into during the insurer's membership in the
6 association to the same extent and effect as if the insurer's
7 membership in the association had not been terminated. (b) An
8 insurer that becomes authorized and is engaged in writing
9 insurance that requires the insurer to be a member of the
10 association after November 1, 2008, shall become a member of
11 the association on the November 1 following the effective date
12 of the insurer's authorization. (c) The plan of operation,
13 articles of agreement, and rules and procedures of the Alabama
14 Insurance Underwriting Association effective January 1, 2008,
15 shall be adopted pursuant to this section, and any revisions
16 thereto shall be approved pursuant to the method set forth in
17 the plan of operation, articles of agreement, or rules and
18 procedures by the board of directors and submitted to and
19 approved by the commissioner before the effective date
20 thereof. A copy of the approved plan of operation and articles
21 of agreement, together with a copy of any approved revisions
22 thereto, will be maintained for public inspection in the
23 Department of Insurance. (d) The Alabama Insurance
24 Underwriting Association shall have the general power and
25 authority, in addition to the powers and authority already
26 provided through its plan of operation, articles of agreement,

1 and rules and procedures, to maintain and carry over any
2 unexpended surplus which may exist to subsequent fiscal years.
3 Monies shall not lapse or be transferred to the General Fund
4 or other state funds and shall not be redistributed. Any
5 interest earned or investment earnings shall be deposited to
6 the credit of the association. Monies shall be used for the
7 purpose of assisting the association in defraying expenses,
8 paying claims, paying reinsurance costs, and performing all
9 acts that relate to the function and purpose of the
10 association. (e) The Alabama Insurance Underwriting
11 Association shall have the general power and authority to
12 issue bonds, surplus notes or other debentures and solicit and
13 accept goods, loans, and grants. (f) The Beach Area consists
14 of the gulf front, beach, and seacoast areas of Baldwin and
15 Mobile Counties as designated by the Insurance Services
16 Office, Inc.

17 27-2-1 (a) There shall be a Department of Insurance
18 of the State of Alabama with such subordinate bureaus and
19 divisions as the commissioner determines to be necessary. (b)
20 The expenses of operating the department shall be paid out of
21 funds appropriated to it by the Legislature or otherwise made
22 available for the purpose.

23 27-2-2 (a) A Commissioner of Insurance shall be
24 chief executive officer of the department. The commissioner
25 shall be appointed by the Governor. He shall serve for a term
26 concurrent with that of the Governor by whom he is appointed,

1 or for the unexpired portion thereof. (b) The commissioner
2 shall be selected with special reference to his training,
3 experience and capacity. He shall not be a candidate for, nor
4 hold, any other public office of trust nor be a member of any
5 political committee. If he becomes a candidate for public
6 office or becomes a member of a political committee, his
7 office as commissioner shall be immediately vacated.

8 27-2-3 Before entering upon the duties of his office
9 the commissioner shall take and subscribe to the oath
10 prescribed by Article 16, Section 279 of the State
11 Constitution and give bond in favor of the State of Alabama in
12 the penal sum of \$50,000.00. The surety on the bond shall be a
13 corporate surety authorized to transact such business in this
14 state. The form of the bond and surety shall be subject to the
15 Governor's approval. The bond and oath shall be filed with the
16 Secretary of State.

17 27-2-4 (a) The commissioner shall receive such
18 annual salary as fixed by the Governor in the same manner as
19 the salaries of other appointive department heads. Such salary
20 shall be payable in the same manner as other state employees
21 are paid. (b) The commissioner shall devote his entire time
22 to the duties of his office.

23 27-2-5 (a) The commissioner shall have an official
24 seal as heretofore provided him by the State of Alabama. (b)
25 All certificates executed by the commissioner, other than
26 licenses of agents, brokers, solicitors, adjusters, and

1 similar licenses, shall bear his seal. (c) Every such
2 certificate so executed and sealed under the authority
3 conferred upon the commissioner by law may be recorded in the
4 proper recording office in this state in the same manner and
5 with the same effect as a deed regularly acknowledged or
6 proven. (d) Every certificate and other document or paper
7 executed by the commissioner pursuant to any authority
8 conferred upon him by law and sealed with the seal of his
9 office and all copies or photographic copies of papers
10 certified by him and authenticated by such seal shall, in all
11 cases, be evidenced equally and in like manner as the original
12 thereof and shall have the same force and effect as the
13 original would in any action or proceeding in any court of
14 this state. (e) The commissioner shall collect such fees and
15 charges for the use of his official seal as are provided for
16 under Section 27-4-2.

17 27-2-6 (a) The commissioner's offices shall be
18 located at the state capitol. The commissioner may have a
19 service office at Birmingham and in such other cities of this
20 state as he may deem necessary. (b) The commissioner shall
21 keep his offices open at all reasonable times for the
22 transaction of public business.

23 27-2-7 The commissioner shall: (1) Organize,
24 supervise, and administer the Department of Insurance so that
25 it will perform its lawful functions efficiently and
26 effectively. (2) Enforce the provisions of this title. (3)

1 Execute the duties imposed upon him or her by this title. (4)
2 Have the powers and authority expressly conferred upon him or
3 her by, or reasonably implied from, the provisions of this
4 title. (5) Sign and execute in the name of the state, by "the

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Sections 27-1-24 to 27-2-7, Code of
7 Alabama 1975, are repealed

8 Section 2. This act shall become effective
9 immediately following its passage and approval by the
10 Governor, or its otherwise becoming law.