

1 HB608
2 118497-1
3 By Representative Newton (D)
4 RFD: Banking and Insurance
5 First Read: 23-FEB-10

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8 SYNOPSIS: Under existing law, a policy or certificate
9 of insurance offered or issued in this state may
10 contain a clause reserving discretion to the
11 insurer to interpret the terms and to provide
12 standards of interpretation of the policy or
13 certificate.

14 This bill would provide that a clause in a
15 policy or certificate of insurance offered or
16 issued in this state which reserves discretion to
17 the insurer to interpret the terms and/or to
18 provide standards of interpretation of the policy
19 or certificate shall be void and unenforceable.
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21 A BILL
22 TO BE ENTITLED
23 AN ACT
24

25 Relating to insurance; to provide that a clause in a
26 policy or certificate of insurance offered or issued in this
27 state which reserves discretion to the insurer to interpret

1 the terms and/or to provide standards of interpretation of the
2 policy or certificate shall be void and unenforceable.

3 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

4 Section 1. Notwithstanding any provisions of law, a
5 clause in a policy or certificate of insurance offered or
6 issued in this state which reserves discretion to the insurer
7 to interpret the terms and/or to provide standards of
8 interpretation of the policy or certificate shall be void and
9 unenforceable.

10 Section 2. This act shall become effective on the
11 first day of the third month following its passage and
12 approval by the Governor, or its otherwise becoming law.