

1 HB398
2 166214-1
3 By Representative Hill (M)
4 RFD: Insurance
5 First Read: 02-APR-15

2
3
4
5
6
7
8 SYNOPSIS: Under existing law, title insurance
9 companies are required to seek prior approval of
10 their rates by the Commissioner of Insurance.

11 This bill would authorize title insurers to
12 form a rating bureau for the purpose of filing
13 rates on behalf of its member insurers.

14
15 A BILL
16 TO BE ENTITLED
17 AN ACT

18
19 Relating to insurance; to provide for the
20 establishment of a rating bureau for title insurance; and for
21 this purpose to amend Section 27-13-2, Code of Alabama 1975,
22 and to add Sections 27-13-130, 27-13-131, 27-13-132,
23 27-13-133, 27-13-134, 27-13-135, and 27-13-136 to the Code of
24 Alabama 1975.

25 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

26 Section 1. Section 27-13-2, Code of Alabama 1975, is
27 amended to read as follows:

1 "§27-13-2.

2 "The commissioner is charged with the duty of the
3 administration of all laws now relating, or hereafter
4 relating, to insurance rates and rating systems of all
5 companies authorized to do business in the State of Alabama,
6 with the exception of rates of life and health and accident
7 business ~~and rates of title insurance.~~"

8 Section 2. A new Article 6 is added to Chapter 13 of
9 Title 27 of the Code of Alabama 1975, consisting of Sections
10 27-13-130, 27-13-131, 27-13-132, 27-13-133, 27-13-134,
11 27-13-135, and 27-13-136 to read as follows:

12 Article 6. Title Insurance.

13 §27-13-130.

14 The commissioner may authorize a rating organization
15 to engage in the business of rate-making on behalf of its
16 subscriber or member insurers for purposes of Section 27-25-6
17 upon finding that the organization has complied with the
18 provisions of this article and is otherwise qualified to
19 function as a rating organization. Upon being so authorized,
20 the rating organization may file premium rates as required by
21 Section 27-25-6 on behalf of its member or subscriber insurers
22 authorized to write title insurance in this state.

23 §27-13-131.

24 A rating organization requesting such authority
25 shall pay a fee set by the commissioner not to exceed two
26 hundred dollars (\$200) and shall provide the commissioner with

1 such information as the commissioner may prescribe to include
2 the following:

3 (1) A copy of the organization's constitution,
4 articles of agreement or association, or articles of
5 incorporation, and of its bylaws or rules governing the
6 conduct of its business.

7 (2) A list of insurers which are, or which have
8 agreed to become, members of or subscribers to the
9 organization.

10 (3) The name and address of a person or persons in
11 this state upon whom notices or orders of the commissioner
12 affecting the organization may be served.

13 (4) A description of the manner in which the
14 organization will determine the premium rates to be filed as
15 required by Section 27-25-6.

16 (5) Such other information as the commissioner may
17 require.

18 §27-13-132.

19 After being initially granted such authority to act
20 as a rating organization, the organization shall thereafter
21 renew its authority on an annual basis by filing a request for
22 renewal in a form prescribed by the commissioner by December
23 31 of each year and paying a renewal fee set by the
24 commissioner not to exceed two hundred dollars (\$200).

25 §27-13-133.

26 As a condition for obtaining and retaining authority
27 to act as a rating organization, the organization shall make

1 reasonable provision in its constitution, articles of
2 agreement or association, articles of incorporation, bylaws,
3 or otherwise for the following:

4 (1) Any insurer engaged in writing title insurance
5 in this state may become a member or subscriber of the rating
6 organization upon application therefor by the insurer. The
7 rating organization shall not unfairly discriminate between
8 insurers in the conditions imposed for admission as members or
9 subscribers.

10 (2) Any insurer which has been denied or refused
11 membership or admission as a subscriber by the rating
12 organization may petition the commissioner for a hearing on
13 the denial or refusal. The hearing shall be conducted as
14 provided in Section 27-2-30 and the regulations of the
15 commissioner, and the commissioner's order may be appealed as
16 provided in Section 27-2-32.

17 §27-13-134.

18 (a) As a condition for obtaining and retaining
19 authority to act as a rating organization, the organization
20 shall notify the commissioner within 10 days of the withdrawal
21 or expulsion of any member or subscriber.

22 (b) If a member or subscriber is expelled or
23 excluded due to failure to pay an agreed upon membership or
24 subscription fee, the member or subscriber shall be readmitted
25 upon payment of any delinquent fees or charges to the rating
26 organization.

1 (c) An insurer which has been expelled or has
2 withdrawn as a member or subscriber of a rating organization
3 shall not use any rate or rating system made by the rating
4 organization during the period that the expulsion or
5 withdrawal continues.

6 §27-13-135.

7 An insurer shall not use any rate or rating system
8 made by a rating organization of which the insurer is not a
9 member or subscriber.

10 §27-13-136.

11 All fees collected pursuant to this article shall be
12 deposited in the State Treasury to the credit of the Insurance
13 Department Fund.

14 Section 3. This act shall become effective on the
15 first day of the third month following its passage and
16 approval by the Governor, or its otherwise becoming law.