

1 SB299
2 136100-1
3 By Senator Smitherman
4 RFD: Banking and Insurance
5 First Read: 07-MAR-13

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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 27-6-14 (a) If for any reason the market value of
18 assets and securities of an insurer held on deposit in this
19 state under this title falls below the amount so required, the
20 insurer shall promptly deposit other or additional assets or
21 securities eligible for deposit sufficient to cure such
22 deficiency. If the insurer has failed to cure the deficiency
23 within 30 days after receipt of notice thereof by registered
24 or certified mail from the commissioner, the commissioner
25 shall revoke the insurer's certificate of authority. (b) If
26 for any reason the market value of assets and securities of a
27 domestic life insurer, representing deposit of the reserves of

1 certain of its outstanding registered policies and registered
2 annuity contracts under laws heretofore in force, falls below
3 the amount so required and as determined from the insurer's
4 most recent annual statement or most recent examination of the
5 insurer by the commissioner, the insurer shall promptly
6 deposit other or additional assets or securities eligible for
7 deposit sufficient to cure such deficiency. If the insurer has
8 failed to cure the deficiency, after the commissioner has
9 given the insurer notice thereof by registered or certified
10 mail, within such reasonable time not exceeding 90 days as may
11 be allowed therefor by the commissioner and so specified in
12 his notice, the insurer shall be deemed to be insolvent and
13 the commissioner shall revoke its certificate of authority and
14 institute delinquency proceedings against the insurer under
15 Chapter 31 of this title.

16 27-6-15 (a) All deposits in this state made under
17 this title shall be held on deposit as long as there is
18 outstanding any liability of the insurer with respect to which
19 the deposit was made. (b) Any such deposit shall be released
20 and returned: (1) To the insurer upon extinguishment by
21 reinsurance in an insurer authorized to transact such
22 insurance in this state, or otherwise, of all liability of the
23 insurer for the security of which the deposit is held; (2) To
24 the insurer during solvency, to the extent such deposit is in
25 excess of the amount required; or (3) Upon proper order of a
26 court of competent jurisdiction, to the receiver, conservator,
27 rehabilitator, or liquidator of the insurer or to any other

1 properly designated official, or officials, who succeed to the
2 management and control of the insurer's assets. (c) The
3 Treasurer shall release any such deposit, or part thereof,
4 upon written authorization of the commissioner and of the
5 insurer or order of court, as provided in subsection (d) of
6 Section 27-6-4. (d) In the case of deposits of title insurers
7 made under Section 27-3-13, the deposit or excess portion
8 thereof shall be released by the trustee bank or trust company
9 upon written authorization of the commissioner or upon order
10 of a court of competent jurisdiction. If a foreign title
11 insurer which has made such a deposit reincorporates under the
12 laws of the State of Alabama and qualifies under this code as
13 a domestic title insurer and if all of the liabilities of such
14 foreign insurer in this state are assumed by such new domestic
15 insurer and the foreign insurer does not thereafter transact
16 business in this state, its deposit shall be delivered by such
17 trustee to such new domestic insurer upon its application and
18 the written authorization of the commissioner. (e) This
19 section shall not apply as to deposits held with respect to
20 registered life insurance policies or registered annuity
21 contracts insured under laws heretofore in force. Such
22 deposits shall be released only as provided under the laws
23 pursuant to which such policies and contracts were so issued
24 and registered.

25 27-6-16 (a) Before authorizing the release of any
26 deposit or excess portion thereof to the insurer, as provided
27 in Section 27-6-15, the commissioner shall require the insurer

1 to file with him a statement under its seal and the oath of
2 its chief executive officer, or of its United States manager
3 in the case of an alien insurer, setting forth the facts upon
4 which it bases its entitlement to such release. (b) If
5 release of the deposit is claimed by the insurer upon the
6 ground that its liabilities in this state, as to which the
7 deposit was originally made and is held, have been assumed by
8 another insurer authorized to transact insurance in this
9 state, the insurer shall file with the commissioner a copy of
10 the contract or agreement of such reinsurance. (c) Upon being
11 satisfied by such statement and such other information and
12 evidence as he may reasonably require and by such examination,
13 if any, of the affairs of the insurer as he deems advisable to
14 make that the insurer is entitled to the release of its
15 deposits or excess portions thereof as provided in Section
16 27-6-15, the commissioner shall authorize the Treasurer or the
17 trustee bank or trust company in the case of deposits of title
18 insurers made under Section 27-3-13 to release the deposit or
19 excess portion thereof to the insurer or its authorized
20 representative. The commissioner shall have no liability as to
21 any such release so made by him in good faith.

22 27-6A-1 Sections 27-6A-2 through 27-6A-8, inclusive,
23 of this chapter may be cited as the "Alabama Managing General
24 Agents Act."

25 27-6A-2 As used in this chapter, the following terms
26 shall have the following meanings, respectively, unless the
27 context clearly indicates otherwise: (1) ACTUARY. A person

1 who is a member in good standing of the American Academy of
2 Actuaries. (2) INSURER. A person defined in subdivisions (2)
3 and (3) of Section 27-1-2. (3) MANAGING GENERAL AGENT. Any
4 person, firm, or association who does both of the following:
5 a. Manages all or part of the insurance business of an
6 insurer, including the management of a separate division,
7 department, or underwriting office. b. Acts as a producer for
8 an insurer whether known as a managing general agent, manager,
9 or other similar term, who, with or without the authority,
10 either separately or together with affiliates, produces,
11 directly or indirectly, and underwrites an amount of gross
12 direct written premium equal to or more than five percent of
13 the policyholder surplus as reported in the last annual
14 statement of the insurer in any one quarter or year together
15 with one or more of the following activities related to the
16 business produced: 1. Adjusts or pays claims in excess of an
17 amount determined by the commissioner. 2. Negotiates
18 reinsurance on behalf of the insurer. c. Notwithstanding the
19 above, the following persons shall not be considered as
20 managing general agents for the purposes of this chapter: 1.
21 An employee of the insurer. 2. A United States manager of the
22 United States branch of an alien insurer. 3. An underwriting
23 manager who, pursuant to contract, manages all or part of the
24 insurance operations of the insurer, is under common control
25 with the insurer, subject to the Alabama Insurance Holding
26 Company System Regulatory Act, Chapter 29, commencing with
27 Section 27-29-1, of this title, and whose compensation is not

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 27-6-14 to 27-6A-2, Code of
3 Alabama 1975, are repealed.

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