

1 SB337
2 136076-1
3 By Senator Smitherman
4 RFD: Banking and Insurance
5 First Read: 14-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 27-3-12 (a) In addition to the deposit required
18 under Sections 27-3-11 or 27-3-14, a surety insurer shall
19 deposit and maintain deposited with the Treasurer of this
20 state in trust for the benefit of holders, resident in this
21 state, of the obligations of the insurer cash or securities
22 eligible under Section 27-6-3 having a value at all times of
23 at least \$50,000.00; except, that a domestic surety insurer
24 may take credit for the amount of such special deposit against
25 the deposit otherwise required of it under Section 27-3-11,
26 and except that a foreign insurer showing a deposit pursuant
27 to subsection (c) of Section 27-3-11 in the amount of

1 \$200,000.00 shall not be required to comply with this section.

2 (b) Such deposits shall be subject to the applicable
3 provisions of Chapter 6 of this title.

4 27-3-13 (a) For authority to transact such insurance
5 in this state, a foreign title insurer shall have and maintain
6 on deposit in this state for the better protection of its
7 guaranty holders and creditors, resident in this state, under
8 its contracts of title insurance, cash and securities eligible
9 under Section 27-6-3 having a value at all times of not less
10 than \$50,000.00. The deposit shall be so made and maintained
11 in trust with a bank or trust company located in this state,
12 approved by the commissioner, having a capital and surplus of
13 not less than \$500,000.00. (b) At its option, a domestic
14 title insurer may maintain a deposit in like manner, amount,
15 character and for like purposes as required for foreign
16 insurers under subsection (a) of this section. (c) Such
17 deposits shall be subject to the applicable provisions of
18 Chapter 6 of this title.

19 27-3-14 (a) An alien insurer shall not have
20 authority to transact insurance in this state unless it has
21 and maintains within the United States as deposits with
22 trustees, public depositaries or in trust institutions
23 approved by the commissioner under Section 27-3-15 assets
24 available for discharge of its United States insurance
25 obligations, which assets shall be in amount not less than the
26 outstanding liabilities of the insurer arising out of its
27 insurance transactions in the United States together with the

1 greater of the following sums: (1) The largest deposit
2 required by Section 27-3-11 to be made by foreign insurers
3 transacting like kinds of insurance; or (2) \$300,000.00. (b)
4 Of the amount deposited by an alien insurer, an amount not
5 less than that required under subdivisions (a)(1) or (a)(2) of
6 this section shall be deposited and maintained on deposit in
7 cash or securities eligible for deposit under Section 27-6-3
8 with the Treasurer of this state or with or through the public
9 official having supervision of insurance in another state and
10 shall be held in trust exclusively for the benefit and
11 protection of the insurer's policyholders or policyholders and
12 creditors in the United States. (c) The amount so held on
13 deposit under subdivisions (a)(1) or (a)(2) of this section
14 shall, for the purposes of this title, be deemed to be the
15 paid-in capital, if a stock insurer, or minimum surplus, if a
16 mutual insurer, of the insurer required to be maintained. (d)
17 If the insurer transacts surety insurance in this state, it
18 shall make and maintain in this state the special deposit
19 required under Section 27-3-12. (e) Any such deposit made in
20 this state shall be subject to the applicable provisions of
21 Chapter 6 of this title; except, that if this state is the
22 state of entry into the United States of the alien insurer the
23 deposit shall be subject to the provisions of Chapter 33 of
24 this title.

25 27-3-15 (a) In order to comply with the requirements
26 of Section 27-3-14, an alien insurer shall appoint citizens of
27 the United States of America or public depositaries or trust

1 institutions located in the United States, all as approved by
2 the commissioner, as trustee, or trustees, to hold its funds
3 and assets in trust for the benefit of its policyholders or
4 policyholders and creditors in the United States. Any such
5 trustee, or trustees, shall be named by the board of directors
6 or comparable directive body of the insurer, and a certified
7 copy of the record of the appointment and of the deed of trust
8 shall be filed with the commissioner. (b) Funds and assets so
9 held, to the extent that they consist of cash, securities and
10 other assets of the same general character as are eligible for
11 the investment of like funds of a domestic insurer, under
12 Sections 27-1-8 and 27-1-9, shall constitute the assets of the
13 insurer for the purposes of this title. (c) Such trustees and
14 assets, and all accounts and records relating thereto, shall
15 be subject to examination by the commissioner in the same
16 manner as the officers, agents, assets and affairs of
17 insurers. (d) Trusteed assets of an alien insurer using this
18 state as its state of entry into the United States shall be
19 subject to Chapter 32 of this title.

20 27-3-16 Aggregations of individuals as underwriters,
21 whether domestic, foreign, or alien, assuming insurance risks
22 upon the plan known as "Lloyd's," whereby each underwriter is
23 liable for the proportionate part assumed by him of the whole
24 amount so insured by a policy issued by such underwriters, may
25 be authorized to transact any kind, or kinds, of insurance in
26 this state other than life or title insurances if the insurer
27 is otherwise in compliance with this title, subject to the

1 following conditions: (1) If a foreign or alien insurer, it
2 must have successfully been in business as an authorized
3 insurer in the state or country of domicile for at least 10
4 years. (2) If a domestic insurer, it must file with the
5 commissioner evidence, satisfactory to him, that it has been
6 soundly organized and that its insurance operations will, at
7 all times, be competently conducted by individuals having the
8 necessary experience in insurance underwriting and management
9 to do so, that at all times it will be comprised of not less
10 than 30 individual "underwriters," that no such underwriter
11 shall retain risk as to any one subject of insurance in amount
12 exceeding two percent of his total net worth and that the
13 liability of such underwriter, as to any such risk within the
14 extent and amount of coverage provided by the amount of
15 insurance, is unlimited. For the purpose of determining
16 compliance with this provision, the commissioner may at any
17 time require any and all such underwriters to file with him
18 their individual financial statements, duly certified and
19 sworn to under oath, in such form and scope of contents as the
20 commissioner may reasonably require. The assets and insurance
21 transactions of any or all such underwriters shall be subject
22 to examination by the commissioner under the same conditions
23 as apply to domestic insurers in general under Chapter 2 of
24 this title. (3) Such an insurer shall otherwise be subject to
25 the same applicable requirements and obligations as apply
26 under this title to a stock insurer transacting like kinds
27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Sections 27-3-12 to 27-3-16, 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.