

1 SB355
2 136074-1
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 27-3-3 A foreign insurer may transact business in
18 this state without certificate of authority for the purpose,
19 and to the extent only, of investing its funds in real estate
20 located in this state, or in securities secured thereby, by
21 complying with the requirements of Amendment 154 of the
22 Constitution of Alabama. Such an insurer shall not be subject
23 to any other provisions of this title.

24 27-3-4 To qualify for and hold authority to transact
25 insurance in this state, an insurer must be otherwise in
26 compliance with this title and with its charter powers and
27 must be an incorporated stock insurer or an incorporated

1 mutual insurer or a reciprocal insurer, all of the same
2 general type as may be formed as a domestic insurer under this
3 title; except that: (1) No foreign insurer shall be
4 authorized to transact insurance in this state which does not
5 maintain reserves as required by Chapter 36 of this title
6 applicable to the kind, or kinds, of insurance transacted by
7 such insurer, wherever transacted in the United States, or
8 which transacts insurance in the United States on the
9 assessment premium plan, stipulated premium plan, cooperative
10 plan or any similar plan; (2) Any foreign insurer which has
11 transacted insurance as an authorized insurer in its state or
12 country of domicile for less than five years shall not be
13 authorized to transact insurance in this state unless it is
14 otherwise qualified for such authority under this code and is:
15 a. The wholly owned subsidiary of an insurer authorized to
16 transact insurance in this state; b. The continuing
17 corporation resulting from a merger or consolidation of
18 insurers at least one of which insurers has been an authorized
19 insurer in its state or country of domicile for at least five
20 years; or c. Is in compliance with the requirements as to
21 capital and surplus provided therefor under Sections 27-3-7
22 and 27-3-8; (3) The commissioner shall not grant or continue
23 authority to transact insurance in this state as to any
24 insurer the management of which is found by him, after
25 thorough investigation, to be incompetent or untrustworthy, or
26 so lacking in insurance company managerial experience as to
27 make the proposed operation hazardous to the insurance-buying

1 public or which, after thorough examination or investigation,
2 he has good reason to believe is affiliated directly or
3 indirectly through ownership, control, reinsurance
4 transactions, or other insurance or business relations with
5 any person, or persons, whose business operations are, or have
6 been, marked to the injury of insurers, stockholders,
7 policyholders, creditors or the public by manipulation of
8 assets, of accounts or of reinsurance or by bad faith; (4) No
9 insurer the voting control of which is held, in whole or
10 substantial part, by any government or governmental agency
11 shall be authorized to transact insurance in this state.

12 Membership in a mutual insurer or subscribership in a
13 reciprocal insurer shall not be deemed to be either an
14 ownership or control of the insurer for the purposes of this
15 subdivision; and (5) Lloyd's plan insurers may be authorized
16 to transact insurance in this state as provided in Section
17 27-3-16.

18 27-3-5 (a) No insurer shall be authorized to
19 transact insurance which has or uses a name so similar to that
20 of another insurer already so authorized as likely to mislead
21 the public. (b) No life insurer shall be so authorized which
22 has or uses a name deceptively similar to that of another
23 insurer authorized to transact insurance in this state within
24 the preceding 10 years if life insurance policies originally
25 issued by such other insurer are still outstanding in this
26 state. (c) No insurer shall be so authorized which has or
27 uses a name which tends to deceive or mislead as to the type

1 of organization of the insurer. (d) In case of conflict of
2 names hereafter between two insurers, or a conflict otherwise
3 prohibited under the foregoing subsections of this section,
4 the commissioner may permit or require, as a condition to the
5 issuance of an original certificate of authority to an
6 applicant insurer, that such insurer shall use in Alabama such
7 supplementation or modification of its name or such business
8 name as may reasonably be necessary to avoid such conflict. No
9 such name, supplementation or modification shall contain the
10 principal identifying factor contained in the name of any
11 other insurer already authorized to transact insurance in this
12 state.

13 27-3-6 An insurer which otherwise qualifies therefor
14 may be authorized to transact any one kind or combination of
15 kinds of insurance as defined in Chapter 5 of this title,
16 except: (1) A life insurer may grant annuities and shall be
17 authorized to transact in addition only disability insurance,
18 and no insurer shall be authorized to transact life insurance
19 in this state which transacts anywhere any kind of insurance
20 in addition to life and disability insurances and annuities;
21 except, that the commissioner shall, if the insurer otherwise
22 qualifies therefor, continue to so authorize any life insurer
23 which, immediately prior to the effective date of this title,
24 was lawfully authorized to transact in this state a kind or
25 kinds of insurance in addition to life and disability; (2) A
26 reciprocal or Lloyd's plan insurer shall not transact life
27 insurance; and (3) A title insurer shall be a stock insurer

1 and shall transact no other kind of insurance; except, that
2 the commissioner may continue to so authorize any insurer
3 which immediately prior to the effective date of this title
4 was lawfully authorized to transact and was lawfully writing
5 in this state a kind, or kinds, of insurance in addition to
6 title insurance.

7 27-3-7 (a) To qualify for authority to transact any
8 one kind of insurance, as defined in Chapter 5 of this title,
9 or combination of kinds of insurance as shown below, an
10 insurer applying for its original certificate of authority in
11 this state after the effective date of this title or
12 continuing such original certificate of authority shall
13 possess and thereafter maintain unimpaired paid-in capital
14 stock, if a stock insurer, or unimpaired surplus, if a foreign
15 mutual or foreign reciprocal insurer, in amount not less than
16 as applicable under the schedule below and shall possess when
17 first so authorized such additional funds as surplus as are
18 required under Section 27-3-8: Kind or kinds of insurance
19 Minimum capital or surplus required Life \$800,000.00
20 Disability 500,000.00 Life and disability 800,000.00
21 Property 300,000.00 Marine 300,000.00 Casualty 400,000.00
22 Surety 350,000.00 Title 200,000.00 Multiple lines - Any two
23 or more: Property, marine, casualty, surety; and all kinds of
24 insurance other than title and life insurance 500,000.00

25 (b) An insurer holding a valid certificate of authority to
26 transact insurance in this state immediately prior to the
27 effective date of this title may continue to be authorized to

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 27-3-3 to 27-3-7, 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.