

1 SB300  
2 111763-1  
3 By Senator Bedford  
4 RFD: Banking and Insurance  
5 First Read: 19-JAN-10

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8 SYNOPSIS: Under existing law, a domestic insurer may  
9 maintain its principal place of business outside of  
10 this state if it maintains a complete duplicate set  
11 of records and keeps an office in this state  
12 managed by one or more officers of the insurer in  
13 this state.

14 This bill would delete these requirements  
15 and would specify that suitable and customary  
16 records be kept and made available to the  
17 Commissioner of Insurance at its offices outside  
18 the state.

19  
20 A BILL  
21 TO BE ENTITLED  
22 AN ACT  
23

24 To amend Section 27-27-29, Code of Alabama 1975, to  
25 delete the requirement that a domestic insurer whose principal  
26 place of business is located outside of this state maintain a  
27 duplicate set of records and keep an office managed by one or

1 more officers of the insured in this state and to further  
2 specify that records kept at the executive office outside  
3 Alabama shall be made available to the Commissioner of  
4 Insurance upon reasonable notice.

5 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

6 Section 1. Section 27-27-29, Code of Alabama 1975,  
7 is amended to read as follows:

8 "§27-27-29.

9 "(a) Every domestic insurer shall have, and  
10 maintain, its principal place of business and home office in  
11 this state and shall keep therein complete records of its  
12 assets, transactions, and affairs in accordance with such  
13 methods and systems as are customary or suitable as to the  
14 kind, or kinds, of insurance transacted.

15 "(b) Every domestic insurer shall have, and  
16 maintain, its assets in this state, except as to:

17 "(1) Real property and personal property appurtenant  
18 thereto lawfully owned by the insurer and located outside this  
19 state; and

20 "(2) Such property of the insurer as may be  
21 customary, necessary, and convenient to enable and facilitate  
22 the operation of its branch offices and "regional home  
23 offices" located outside this state as referred to in  
24 subsection (d) of this section.

25 "(c) Removal of all, or a material part of, the  
26 records or assets of a domestic insurer from this state except  
27 pursuant to a plan of merger or consolidation approved by the

1 commissioner under this title, or for such reasonable purposes  
2 and periods of time as may be approved by the commissioner in  
3 writing in advance of such removal, or concealment of such  
4 records or assets, or material part thereof, from the  
5 commissioner is prohibited. Any person who removes, or  
6 attempts to remove, such records or assets, or such material  
7 part thereof, from the home office or other place of business  
8 or of safekeeping of the insurer in this state with the intent  
9 to remove the same from this state or who conceals or attempts  
10 to conceal the same from the commissioner, in violation of  
11 this section, shall, upon conviction thereof, be guilty of a  
12 felony, punishable by a fine of not more than ~~\$10,000.00~~ ten  
13 thousand dollars (\$10,000), or by imprisonment in the  
14 penitentiary for not more than five years, or by both such  
15 fine and imprisonment in the discretion of the court. Upon any  
16 removal or attempted removal of such records or assets or upon  
17 retention of such records or assets, or material part thereof,  
18 outside this state beyond the period therefor specified in the  
19 commissioner's consent under which the records were so removed  
20 thereat or upon concealment of, or attempt to conceal, records  
21 or assets in violation of this section, the commissioner may  
22 institute delinquency proceedings against the insurer pursuant  
23 to the provisions of Chapter 32 of this title.

24 "(d) This section shall not be deemed to prohibit or  
25 prevent an insurer from:

26 "(1) Establishing and maintaining branch offices or  
27 "regional home offices" in other states where necessary or

1 convenient for the transaction of its business and keeping  
2 therein the detailed records and assets customary and  
3 necessary for the servicing of its insurance in force and  
4 affairs in the territory served by such an office, as long as  
5 such records and assets are made readily available at such  
6 office for examination by the commissioner at his or her  
7 request; or

8 "(2) Having, depositing, or transmitting funds and  
9 assets of the insurer in, or to, jurisdictions outside of this  
10 state required by the law of such jurisdiction or as  
11 reasonably and customarily required in the regular course of  
12 its business, including the retention of personal property or  
13 securities in a depository outside the State of Alabama for  
14 purposes of safekeeping or for the convenient operation of the  
15 insurer.

16 "(e) ~~For good cause shown and with~~ With the written  
17 permission of the commissioner, a domestic insurer may  
18 maintain its executive offices outside the State of Alabama,  
19 ~~provided it keeps an office managed by one or more officers of~~  
20 ~~the insurer and a complete duplicate set of records in Alabama~~  
21 ~~and further agrees to make all~~ and keep there complete records  
22 of its assets, transactions, and affairs in accordance with  
23 the methods and systems as are customary or suitable for the  
24 kind or kinds of insurance transacted. All records kept at the  
25 executive offices outside Alabama shall be made available to  
26 the commissioner of Alabama upon reasonable notice by him or  
27 her.

1                   "(f) This section shall not apply to those actions  
2 taken by insurance companies prior to January 1, 1972, but  
3 only applies to future actions of domestic insurance  
4 companies.

5                   "(g) Notwithstanding any other provision of this  
6 section, any company may evidence ownership of its assets by  
7 use of a clearing corporation or book-entry deposit system."

8                   Section 2. This act shall become effective  
9 immediately following its passage and approval by the  
10 Governor, or its otherwise becoming law.