

1 SB348
2 136093-1
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

14
15 Relating to the Alabama Insurance Code, to repeal
16 the following:

17 27-5-13 Notwithstanding any other provision of law,
18 any insurance company doing business within the state which
19 offers health or disability insurance, is hereby prohibited
20 from denying coverage to applicants because the applicant has
21 been diagnosed as having sickle-cell anemia, and is hereby
22 required to pay any valid claim made involving treatment or
23 care of sickle-cell anemia in accordance with other policy
24 provisions.

25 27-5A-1 This chapter may be cited as the Alabama
26 Reinsurance Intermediary Act.

1 27-5A-2 As used in this chapter, the following terms
2 shall have the following meanings, respectively, unless the
3 context clearly indicates otherwise: (1) ACTUARY. A person
4 who is a member in good standing of the American Academy of
5 Actuaries. (2) COMMISSIONER. The Alabama Commissioner of
6 Insurance. (3) CONTROLLING PERSON. Any person, firm,
7 association, or corporation who directly or indirectly has the
8 power to direct or cause to be directed, the management,
9 control, or activities of the reinsurance intermediary. (4)
10 INSURER. Any person, firm, association, or corporation duly
11 licensed in this state pursuant to the applicable provisions
12 of the insurance law as an insurer. (5) LICENSED PRODUCER. An
13 insurance producer or reinsurance intermediary licensed
14 pursuant to the applicable provision of the insurance law.
15 (6) QUALIFIED U.S. FINANCIAL INSTITUTION. An institution that:
16 a. Is organized or, in the case of a U.S. office of a foreign
17 banking organization, licensed, pursuant to the laws of the
18 United States or any state. b. Is regulated, supervised, and
19 examined by federal or state authorities having regulatory
20 authority over banks and trust companies. c. Has been
21 determined by either the commissioner, or the Securities
22 Valuation Office of the National Association of Insurance
23 Commissioners, to meet the standards of financial condition
24 and standing as are considered necessary and appropriate to
25 regulate the quality of financial institutions whose letters
26 of credit will be acceptable to the commissioner. (7)
27 REINSURANCE INTERMEDIARY. A reinsurance intermediary-broker or

1 a reinsurance intermediary-manager as these terms are defined
2 in subdivisions (8) and (9). (8) REINSURANCE
3 INTERMEDIARY-BROKER. Any person, other than an officer or
4 employee of the ceding insurer, firm, association, or
5 corporation who solicits, negotiates, or places reinsurance
6 cessions or retrocessions on behalf of a ceding insurer
7 without the authority or power to bind reinsurance on behalf
8 of such insurer. (9) REINSURANCE INTERMEDIARY-MANAGER. Any
9 person, firm, association, or corporation who has authority to
10 bind or manages all or part of the assumed reinsurance
11 business of a reinsurer, including the management of a
12 separate division, department, or underwriting office, and
13 acts as an agent for such reinsurer whether known as a
14 reinsurance intermediary-manager, manager, or other similar
15 term. Notwithstanding the above, the following persons shall
16 not be considered a reinsurance intermediary-manager, with
17 respect to such reinsurer, for the purposes of this chapter:
18 a. An employee of the reinsurer. b. A U.S. manager of the
19 United States branch of an alien reinsurer. c. An
20 underwriting manager which, pursuant to contract, manages all
21 or part of the reinsurance operations of the reinsurer, is
22 under common control with the reinsurer, subject to Chapter 29
23 of this title, and whose compensation is not based on the
24 volume of premiums written. d. The manager of a group,
25 association, pool, or organization of insurers which engages
26 in joint underwriting or joint reinsurance, but only if the
27 group, association, pool, or organization of insurers, as

1 distinguished from its members, is subject to examination by
2 the Commissioner of Insurance of the state in which the
3 manager's principal business office is located. (10)

4 REINSURER. Any person, firm, association, or corporation duly
5 licensed in this state pursuant to the applicable provisions
6 of the insurance law as an insurer with the authority to
7 assume reinsurance. (11) TO BE IN VIOLATION. The reinsurance
8 intermediary, insurer, or reinsurer for whom the reinsurance
9 intermediary was acting failed to substantially comply with
10 the provisions of this chapter.

11 27-5A-3 (a) No person, firm, association, or
12 corporation shall act as a reinsurance intermediary-broker in
13 this state if the reinsurance intermediary-broker maintains an
14 office either directly, or as a member or employee of a firm
15 or association, or an officer, director, or employee of a
16 corporation: (1) In this state, unless the reinsurance
17 intermediary-broker is a licensed producer in this state. (2)
18 In another state, unless the reinsurance intermediary-broker
19 is a licensed producer in this state or another state having a
20 law substantially similar to this law or the reinsurance
21 intermediary-broker is licensed in this state as a nonresident
22 reinsurance intermediary. (b) No person, firm, association,
23 or corporation shall act as a reinsurance
24 intermediary-manager: (1) For a reinsurer domiciled in this
25 state, unless the reinsurance intermediary-manager is a
26 licensed producer in this state. (2) In this state, if the
27 reinsurance intermediary-manager maintains an office either

1 directly or as a member or employee of a firm or association,
2 or an officer, director, or employee of a corporation in this
3 state, unless the reinsurance intermediary-manager is a
4 licensed producer in this state. (3) In another state for a
5 nondomestic insurer, unless the reinsurance
6 intermediary-manager is a licensed producer in this state or
7 another state having a law substantially similar to this law
8 or the person is licensed in this state as a nonresident
9 reinsurance intermediary. (c) The commissioner may require a
10 reinsurance intermediary-manager subject to subsection (b) to:
11 (1) File a bond in an amount from an insurer acceptable to the
12 commissioner for the protection of the reinsurer. (2)
13 Maintain an errors and omissions policy in an amount
14 acceptable to the commissioner. (d) (1) The commissioner may
15 issue a reinsurance intermediary license to any person, firm,
16 association, or corporation who has complied with the
17 requirements of this chapter. Any license issued to a firm or
18 association shall authorize all the members of the firm or
19 association and any designated employees to act as reinsurance
20 intermediaries pursuant to the license, and all the persons
21 shall be named in the application and any supplements to the
22 application. Any license issued to a corporation shall
23 authorize all of the officers, and any designated employees
24 and directors of the corporation to act as reinsurance
25 intermediaries on behalf of the corporation, and all the
26 persons shall be named in the application and any supplements
27 thereto. (2) If the applicant for a reinsurance intermediary

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 27-5-13 to 27-5A-3, 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.