

SB232 INTRODUCED



1 SB232
2 6BQBZ3Z-1
3 By Senators Orr, Williams, Sessions, Stutts, Carnley, Kelley,
4 Roberts
5 RFD: Banking and Insurance
6 First Read: 19-Mar-24



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SYNOPSIS:

Under existing law, a nonprofit organization is not authorized to offer health benefits to its members and their families under a law that specifies that the organization is not an insurer or in the business of insurance.

This bill would authorize a nonprofit agricultural organization to offer health benefits to its members and their families. The bill would specify that the nonprofit agricultural organization would not be engaged in the business of health insurance.

A BILL
TO BE ENACTED
AN ACT

Relating to health benefits offered by a nonprofit organization; to authorize a nonprofit agricultural organization to offer health benefits to its members and their families under certain conditions; and to specify that the nonprofit agricultural organization would not be engaged in the business of health insurance.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. DEFINITIONS. For purposes of this act, the following words have the following meanings:



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29 (1) NONPROFIT AGRICULTURAL ORGANIZATION. An
30 organization that meets all of the following:

31 a. Is exempt from federal income taxation under Section
32 501(a), Internal Revenue Code of 1986, as an organization
33 described by Section 501(c)(5).

34 b. Is domiciled in this state.

35 c. Was in existence prior to 1940.

36 d. Is composed of members who are residents of at least
37 98 percent of the counties in this state.

38 e. Collects annual dues from its members.

39 f. Was created to promote and develop the most
40 profitable and desirable system of agriculture and the most
41 wholesome and satisfactory conditions of rural life in
42 accordance with its articles of organization and bylaws.

43 (2) NONPROFIT AGRICULTURAL ORGANIZATION HEALTH
44 BENEFITS. Health benefits that meet all of the following
45 conditions:

46 a. Are sponsored by a nonprofit agricultural
47 organization or an affiliate of the organization.

48 b. Are offered only to either of the following:

49 1. Members of the nonprofit agricultural organization.

50 2. Family members of members of the nonprofit
51 agricultural organization.

52 c. Are not provided through an insurance policy or
53 other product the offering or issuance of which is regulated
54 as the business of insurance in this state.

55 d. Are deemed by the nonprofit agricultural
56 organization to be important in assisting its members to live



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57 long and productive lives.

58 Section 2. A nonprofit agricultural organization or an
59 affiliate of the organization may offer in this state
60 nonprofit agricultural organization health benefits.

61 Section 3.(a) A nonprofit agricultural organization
62 that offers nonprofit agricultural organization health
63 benefits shall provide to an individual applying for nonprofit
64 agricultural organization health benefits written notice that
65 the benefits are not provided through an insurance policy or
66 other product the offering or issuance of which is regulated
67 as the business of insurance in this state.

68 (b) An individual shall be required to sign and return
69 to the nonprofit agricultural organization the notice
70 described by subsection (a) before the individual may enroll
71 in nonprofit agricultural organization health benefits. The
72 nonprofit agricultural organization shall do both of the
73 following:

74 (1) Maintain a copy of the signed written notice for
75 the duration of the term during which the nonprofit
76 agricultural organization health benefits are provided to the
77 individual.

78 (2) At the request of the individual, provide a copy of
79 the written notice to the individual.

80 Section 4. Notwithstanding any provision of Title 27 or
81 Article 6 of Chapter 20 of Title 10A of the Code of Alabama
82 1975, for the purposes of offering nonprofit agricultural
83 organization health benefits, a nonprofit agricultural
84 organization that acts in accordance with this act is not a



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85 health insurer and is not engaging in the business of health
86 insurance in this state.

87 Section 5. A nonprofit agricultural organization that
88 offers nonprofit agricultural organization health benefits
89 under this act may contract with an entity or entities
90 authorized to engage in the business of insurance in this
91 state that is not under common control with the nonprofit
92 agricultural organization in order to transfer to the entity
93 or entities all or a portion of the organization's risks
94 arising from nonprofit agricultural organization health
95 benefits offered under this act.

96 Section 6. All laws or parts of laws which conflict
97 with this act are repealed.

98 Section 7. This act shall become effective June 1,
99 2024.