

SB84 INTRODUCED



1 SB84
2 7D6I2VV-1
3 By Senator Orr
4 RFD: Banking and Insurance
5 First Read: 04-Feb-25



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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 also specify that the nonprofit agricultural organization would not be engaged in the business of health insurance.

A BILL
TO BE ENTITLED
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:



SB84 INTRODUCED

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

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

33 a. Is exempt from federal income taxation under Section
34 501(a), Internal Revenue Code of 1986, as an organization
35 described by Section 501(c)(5).

36 b. Is domiciled in this state.

37 c. Was in existence prior to the year 1940.

38 d. Is composed of members who are residents of at least
39 98 percent of the counties in this state.

40 e. Collects annual dues from its members.

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

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

48 a. Are sponsored by a nonprofit agricultural
49 organization or an affiliate of the organization.

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

51 1. Members of the nonprofit agricultural organization.

52 2. Family members of members of the nonprofit
53 agricultural organization.

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



SB84 INTRODUCED

57 d. Are deemed by the nonprofit agricultural
58 organization to be important in assisting its members to live
59 long and productive lives.

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

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

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

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

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

82 Section 4. Notwithstanding any provision of Title 27 or
83 Article 6 of Chapter 20 of Title 10A of the Code of Alabama
84 1975, for the purposes of offering nonprofit agricultural



SB84 INTRODUCED

85 organization health benefits, a nonprofit agricultural
86 organization that acts in accordance with this act is not a
87 health insurer and is not engaging in the business of health
88 insurance in this state.

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

98 Section 6. All laws or parts of laws that conflict with
99 this act are repealed.

100 Section 7. This act shall become effective on October
101 1, 2025.