

**HB415 ENROLLED**



1 HB415  
2 841PZFF-3  
3 By Representative Ellis  
4 RFD: Insurance  
5 First Read: 10-Feb-26



## HB415 Enrolled

1 Enrolled, An Act,

2

3 Relating to insurance, to amend Sections 27-31B-3,

4 27-31B-6, 27-31B-8, 27-31B-9, and 27-31B-16, Code of Alabama

5 1975; to impose additional requirements on captive insurers;

6 to require notice of any subsequent material change in any of

7 the items required to be submitted; to increase the minimum

8 paid in capital certain captive insurers are required to

9 maintain; to require the commissioner to take into

10 consideration the competence of the captive manager and legal

11 counsel of the captive insurer and to consider the company's

12 business plan when determining whether the company will

13 promote the general good of the state; and to require licensed

14 captive insurers to annually file an audited financial

15 statement and an actuarial certification of loss reserves and

16 loss expense reserves.

17 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

18 Section 1. Sections 27-31B-3, 27-31B-6, 27-31B-8, and

19 27-31B-9, Code of Alabama 1975, are amended as follows:

20 "§27-31B-3

21 (a) Any captive insurance company, when permitted by

22 its articles of association, charter, or other organizational

23 document, may apply to the commissioner for a license to do

24 any and all insurance defined in Sections 27-5-2, 27-5-4, and

25 27-5-5, in subdivisions (1), (2), (4), (5), (6), (7), (8),

26 (9), (10), (11), (12), (13), and (14) of subsection (a) of

27 Section 27-5-6, in Sections 27-5-7, 27-5-8, 27-5-9, and

28 27-5-10, and to grant annuity contracts as defined in Section



## HB415 Enrolled

29 27-5-3, subject, however, to all of the following:

30 (1) No pure captive insurance company may insure any  
31 risks other than those of its parent and affiliated companies  
32 or controlled unaffiliated business.

33 (2) No agency captive insurance company may insure  
34 risks other than those affiliated with the controlling  
35 insurance producer.

36 (3) No association captive insurance company may insure  
37 any risks other than those of the member organizations of its  
38 association, and their affiliated companies.

39 (4) No industrial insured captive insurance company may  
40 insure any risks other than those of the industrial insureds  
41 that comprise the industrial insured group, and their  
42 affiliated companies.

43 (5) No risk retention group may insure any risks other  
44 than those of its members and owners.

45 (6) No captive insurance company may provide personal  
46 motor vehicle coverage or any component thereof. Homeowner's  
47 insurance coverage may be written by an Alabama Coastal  
48 Captive Insurance Company as defined in Chapter 31C, but only  
49 in the gulf front, beach, and seacoast areas as designated by  
50 the Insurance Services Office, Inc.

51 (7) No captive insurance company may accept or cede  
52 reinsurance except as provided in Section 27-31B-13.

53 (8) Any captive insurance company may provide excess  
54 workers' compensation insurance to its parent and affiliated  
55 companies and member organizations unless prohibited by the  
56 laws of the state having jurisdiction over the transaction.



## HB415 Enrolled

57 Any captive insurance company may reinsure workers'  
58 compensation.

59 (9) Any captive insurance company which insures risks  
60 described in Sections 27-5-2 and 27-5-4 shall comply with all  
61 applicable state and federal laws.

62 (10) Insurance may be placed on risks in alien and  
63 foreign jurisdictions if the underlying business in the  
64 jurisdiction is legal in the jurisdiction, subject to  
65 commissioner approval.

66 (11) No protected cell captive insurance company may  
67 insure any risks other than those of its participants.

68 (b) To conduct insurance business in this state, a  
69 captive insurance company shall comply with all of the  
70 following:

71 (1) It must obtain from the commissioner a license  
72 authorizing it to do insurance business in this state.

73 (2) Its board of directors or managers, or in the case  
74 of a reciprocal insurer, its subscribers' advisory committee,  
75 must hold at least one meeting each year in this state.

76 (3) It must maintain its principal place of business in  
77 this state, or in the case of a branch captive insurance  
78 company, maintain a place of business for its branch  
79 operations in this state.

80 (4) It must appoint a registered agent to accept  
81 service of process and to otherwise act on its behalf in this  
82 state; subject further to the following:

83 a. If formed as a corporation or other legal entity,  
84 whenever the registered agent cannot with reasonable diligence



## HB415 Enrolled

85 be found at the registered office of the captive insurance  
86 company, the Secretary of State shall be an agent of the  
87 captive insurance company upon whom any process, notice, or  
88 demand may be served.

89 b. If formed as a reciprocal insurer, whenever the  
90 registered agent cannot with reasonable diligence be found at  
91 the registered office of the captive insurance company, the  
92 commissioner shall be an agent of the captive insurance  
93 company upon whom any process, notice, or demand may be  
94 served.

95 (5) It must own a financial account with a bank or  
96 credit union with a brick and mortar location in Alabama  
97 approved by the commissioner or a veteran-related financial  
98 institution approved by the commissioner.

99 (6)a. It must employ or enter into a contract with a  
100 natural person or business organization to manage the affairs  
101 of the captive insurer that meets the standards of competence  
102 and experience satisfactory to the commissioner.

103 b. The captive insurer shall promptly notify the  
104 commissioner of any failure of the captive insurer to comply  
105 with this chapter.

106 c. The commissioner may require a captive insurer to  
107 discharge a captive manager for failure to substantively  
108 fulfill the captive manager's duties under this chapter.

109 d. The captive manager, if a natural person, or the  
110 officers and directors of the captive manager, if a business  
111 organization, shall not serve as the president of a captive  
112 insurer, except in the case where a captive insurer has



## HB415 Enrolled

113 contracted with its parent or its affiliated companies or a  
114 controlled unaffiliated business for captive management  
115 services.

116 (7) It must employ or enter into a contract with a  
117 qualified and experienced independent certified public  
118 accountant that is approved by the commissioner.

119 (8) It must employ or enter into a contract with a  
120 qualified and experienced actuary who is approved by the  
121 commissioner.

122 (9) It must submit biographical background information,  
123 on a form prescribed by the commissioner, for each director  
124 and officer of the captive insurer and for each person who  
125 controls, directly or indirectly, 10 percent or more of the  
126 captive insurer.

127 (10) It must submit a plan of operation that clearly  
128 indicates the method of operation of the captive insurer  
129 including all of the following items:

130 a. The types and limits of insurance that will be  
131 provided.

132 b. Pro forma financial statements for a period covering  
133 three years, which shall include a balance sheet, income  
134 statement, and cash flow statement.

135 c. A description of the captive insurer's reinsurance  
136 program.

137 d. A description of the captive insurer's underwriting  
138 policy, including who will perform those functions.

139 e. A description of the captive insurer's claims  
140 handling procedures, including who will perform those



## HB415 Enrolled

141 functions.

142 f. A description of the captive insurer's investment  
143 policy.

144 g. A description of the captive insurer's rate making  
145 policies and procedures.

146 (11) It must submit a feasibility study, or other  
147 analysis, prepared by a qualified actuary.

148 (12) It must submit a statement disclosing the identity  
149 and percentage of ownership of the captive insurer for all  
150 persons who control, directly or indirectly, 10 percent or  
151 more of the captive insurer.

152 (13) It must submit evidence of its beneficial  
153 ownership, sponsorship, or membership.

154 (14) It must submit any other factors or information  
155 deemed relevant by the commissioner in ascertaining whether  
156 the proposed captive insurance company will be able to meet  
157 its policy obligations.

158 (c) If there is a subsequent material change in any  
159 item or information submitted pursuant to subsection (b)  
160 including, but not limited to, the plan of operation, the  
161 captive insurer shall submit an appropriate revision for  
162 approval by the commissioner. The captive insurer may not  
163 offer any additional kinds of insurance until a revision of  
164 the description is approved by the commissioner.

165 ~~(e)~~ (d) (1) Before receiving a license, a captive  
166 insurance company shall comply with one of the following:

167 a. If formed as a corporation or other legal entity, it  
168 shall file with the commissioner a certified copy of its



## HB415 Enrolled

169 organizational documents and bylaws, a statement under oath of  
170 its president and secretary or other authorized official  
171 showing its financial condition, and any other statements or  
172 documents required by the commissioner.

173 b. If formed as a reciprocal insurer, it shall comply  
174 with both of the following:

175 1. File with the commissioner a certified copy of the  
176 power of attorney of its attorney-in-fact, a certified copy of  
177 its subscribers' agreement, a statement under oath of its  
178 attorney-in-fact showing its financial condition, and any  
179 other statements or documents required by the commissioner.

180 2. Submit to the commissioner for approval a  
181 description of the coverages, deductibles, coverage limits,  
182 and rates, together with any additional information as the  
183 commissioner may reasonably require. In the event of any  
184 subsequent material change in any item in the description, the  
185 reciprocal captive insurance company shall submit to the  
186 commissioner for approval an appropriate revision and shall  
187 not offer any additional kinds of insurance until a revision  
188 of the description is approved by the commissioner. The  
189 reciprocal captive insurance company shall inform the  
190 commissioner of any material change in rates within 30 days of  
191 the adoption of the change.

192 (2) In addition to the information required by  
193 subdivision (1), each applicant captive insurance company  
194 shall file with the commissioner evidence of all of the  
195 following:

196 a. The amount and liquidity of its assets relative to



## HB415 Enrolled

197 the risks to be assumed.

198           b. The adequacy of the expertise, experience, and  
199 character of the person or persons who will manage it.

200           c. The overall soundness of its plan of operation.

201           d. The adequacy of the loss prevention programs of its  
202 parent, member organizations, industrial insureds, or other  
203 insureds as applicable.

204           e. Any other factors deemed relevant by the  
205 commissioner in ascertaining whether the proposed captive  
206 insurance company will be able to meet its policy obligations.

207           (3) In addition to the information required by  
208 subdivisions (1) and (2), each applicant protected cell  
209 captive insurance company shall file with the commissioner all  
210 of the following:

211           a. A business plan demonstrating how the applicant will  
212 account for the loss and expense experience of each protected  
213 cell at a level of detail found to be sufficient by the  
214 commissioner and how it will report the experience to the  
215 commissioner.

216           b. A statement acknowledging that all financial records  
217 of the protected cell captive insurance company, including  
218 records pertaining to any protected cells, shall be made  
219 available for inspection or examination by the commissioner or  
220 the commissioner's designated agent.

221           c. All contracts or sample contracts between the  
222 protected cell captive insurance company and any participants.

223           d. Evidence that expenses shall be allocated to each  
224 protected cell in a fair and equitable manner.



## HB415 Enrolled

225 (4) Information submitted pursuant to this subsection  
226 shall be and remain confidential, and may not be made public  
227 by the commissioner or by an employee or agent of the  
228 commissioner without the written consent of the company,  
229 except as provided in the following:

230 a. The information may be discoverable by a party in a  
231 civil action or contested case to which the captive insurance  
232 company that submitted the information is a party, upon a  
233 showing by the party seeking to discover the information that:  
234 (i) the information sought is relevant to and necessary for  
235 the furtherance of the action or case~~7i~~; (ii) the information  
236 sought is unavailable from other nonconfidential sources~~7i~~; and  
237 (iii) a subpoena issued by a judicial or administrative  
238 officer of competent jurisdiction has been submitted to the  
239 commissioner. Notwithstanding the foregoing, this subdivision  
240 shall not apply to any industrial insured captive insurance  
241 company insuring the risks of an industrial insured group as  
242 defined in ~~paragraph b. of subdivision (19) of Section~~  
243 27-31B-2(19)b. or to a captive risk retention group.

244 b. The commissioner may disclose the information to a  
245 public officer having jurisdiction over the regulation of  
246 insurance in another state, provided that: (i) the public  
247 official ~~shall agree~~ agrees in writing to maintain the  
248 confidentiality of the information~~7i~~; and (ii) the laws of the  
249 state in which the public official serves require the  
250 information to be and to remain confidential.

251 ~~(d)~~ (e) Each captive insurance company shall pay to the  
252 commissioner a nonrefundable fee as set forth in Section



## HB415 Enrolled

253 27-31B-4 for examining, investigating, and processing its  
254 application for license, and the commissioner ~~is authorized to~~  
255 may retain legal, financial, and examination services from  
256 outside the department, the reasonable cost of which may be  
257 charged against the applicant in accordance with Section  
258 27-2-25. In addition, each captive insurance company shall pay  
259 a license fee for the year of registration and a renewal fee  
260 for each year thereafter as set forth in Section 27-31B-4.

261 ~~(e)~~ (f) If the commissioner is satisfied that the  
262 documents and statements filed by a captive insurance company  
263 comply with this chapter, the commissioner may grant a license  
264 authorizing the company to ~~do~~ conduct insurance business in  
265 this state until April 1 thereafter, which license may be  
266 renewed.

267 ~~(f)~~ (g) (1) Notwithstanding any other provision of this  
268 chapter, the commissioner may issue a provisional license to  
269 any applicant captive insurance company for a period not to  
270 exceed 60 days if the commissioner deems that the public  
271 interest will be served by the issuance of the provisional  
272 license.

273 (2) As a condition precedent to the issuance of a  
274 provisional license under this subsection, the applicant shall  
275 have filed a complete application containing all information  
276 required by this section, paid all fees required for  
277 licensure, and the commissioner shall have made a preliminary  
278 finding that the expertise, experience, and character of the  
279 person or persons who will control and manage the captive  
280 insurer are acceptable.



## HB415 Enrolled

281 (3) The commissioner, by order, may limit the authority  
282 of any provisional licensee in any way deemed necessary to  
283 protect insureds and the public. The commissioner, by order,  
284 may revoke a provisional license if the interests of insureds  
285 or the public are endangered. If the applicant fails to  
286 complete the regular licensure application process within the  
287 60-day provisional period, the provisional license shall  
288 terminate automatically at the end of the 60-day period, and  
289 any policy issued during the provisional period shall be  
290 cancelled as of the termination date and any premium unearned  
291 shall be refunded to the policyholder within 10 days."

292 "§27-31B-6

293 (a) No captive insurance company shall be issued a  
294 license unless ~~it shall possess~~ the captive insurance company  
295 possesses and thereafter ~~maintain~~ maintains unimpaired paid-in  
296 capital and surplus as follows:

297 (1) In the case of a pure captive insurance company,  
298 not less than ~~one hundred thousand dollars (\$100,000)~~ two  
299 hundred fifty thousand dollars (\$250,000) or another amount  
300 determined by the commissioner and actuarially supported by a  
301 feasibility study.

302 (2) In the case of an agency captive insurance company,  
303 not less than five hundred thousand dollars (\$500,000) or  
304 another amount determined by the commissioner and actuarially  
305 supported by a feasibility study.

306 (3) In the case of an association captive insurance  
307 company ~~or risk retention group~~, not less than five hundred  
308 thousand dollars (\$500,000) or another amount determined by



## HB415 Enrolled

309 the commissioner and actuarially supported by a feasibility  
310 study.

311 (4) In the case of an industrial insured captive  
312 insurance company, not less than five hundred thousand dollars  
313 (\$500,000).

314 (5) In the case of a reinsurance captive insurance  
315 company, not less than ~~ten thousand dollars (\$10,000) or~~  
316 ~~another amount determined by the commissioner and actuarially~~  
317 ~~supported by a feasibility study~~ one million dollars  
318 (\$1,000,000).

319 (6) In the case of a protected cell captive insurance  
320 company, not less than ~~one hundred thousand dollars (\$100,000)~~  
321 two hundred fifty thousand dollars (\$250,000) or another  
322 amount determined by the commissioner and actuarially  
323 supported by a feasibility study.

324 (7) In the case of a branch captive insurance company,  
325 not less than two hundred fifty thousand dollars (\$250,000).

326 (8) In the case of a risk retention group, not less  
327 than one million dollars (\$1,000,000) or another amount  
328 determined by the commissioner and actuarially supported by a  
329 feasibility study.

330 (b) Notwithstanding the requirements of subsection (a),  
331 no captive insurance company organized as a reciprocal insurer  
332 under this chapter shall be issued a license unless it has the  
333 captive insurance company organized as a reciprocal insurer  
334 possesses and thereafter maintains free surplus of one million  
335 dollars (\$1,000,000).

336 (c) The commissioner may prescribe additional capital



## HB415 Enrolled

337 and surplus based upon the type, volume, and nature of  
338 insurance business transacted.

339 (d) Capital and surplus may be in the form of cash,  
340 cash equivalents, surplus note, securities meeting the  
341 eligibility requirements of Section 27-6-3, or, if approved by  
342 the commissioner, a clean, irrevocable, and unconditional  
343 letter of credit issued by a bank chartered by the State of  
344 Alabama or a member bank of the Federal Reserve System and  
345 approved by the commissioner. No assets of the captive insurer  
346 shall be pledged or encumbered for the payment of the letter  
347 of credit.

348 (e) In the case of a branch captive insurance company,  
349 as security for the payment of liabilities attributable to the  
350 branch operations, the commissioner may require collateral  
351 equal to the amount of net loss reserves on branch business  
352 plus other insurance liabilities as determined by the  
353 commissioner to be maintained by the branch captive insurance  
354 company in a manner acceptable to the commissioner.

355 (f) Any captive insurance company formed under this  
356 chapter may be capitalized with a surplus note. Any captive  
357 insurance company issuing a surplus note pursuant to this  
358 section must execute a written agreement with the creditor  
359 providing the following:

360 a. The creditor may only be paid out of the portion of  
361 the captive insurance company's surplus ~~that~~ which exceeds the  
362 minimum stated in the agreement.

363 b. The minimum surplus or floor shall exceed the sum  
364 of: (i) 10 percent of the face amount of the surplus note; and



## HB415 Enrolled

365 (ii) the greater of the statutory minimum capital or surplus  
366 required by statute or the approved feasibility study or such  
367 other amount approved by the commissioner.

368 c. Payments may only be made if the payment does not  
369 affect the financial condition of the company.

370 d. Any payment of principal or interest requires the  
371 prior approval of the commissioner."

372 "§27-31B-8

373 (a) A pure captive insurance company, an agency captive  
374 insurance company, a reinsurance captive insurance company, a  
375 special purpose financial captive insurance company, or a  
376 protected cell captive insurance company shall be formed as a  
377 stock or mutual insurer, or as a nonprofit or limited  
378 liability company with its capital divided into units and held  
379 by the stockholders, members, or other equivalent as allowed  
380 by law.

381 (b) An association captive insurance company, an  
382 industrial insured captive insurance company, or a risk  
383 retention group may be formed in any of the following ways:

384 (1) Organized as a stock insurer with its capital  
385 divided into share units and held by the stockholders,  
386 members, or other equivalent as allowed by law.

387 (2) Organized as a mutual insurer without capital  
388 stock, the governing body of which is elected by the member  
389 organizations of its association.

390 (3) Organized as a reciprocal insurer in accordance  
391 with Chapter 31 of this title.

392 (4) Organized as a manager-managed limited liability



## HB415 Enrolled

393 company.

394 (c) A captive insurance company incorporated or  
395 organized in this state shall have one or more incorporators  
396 or one or more organizers, at least one of which shall be a  
397 resident of this state.

398 (d) (1) In the case of a captive insurance company  
399 formed as a corporation, before the articles of incorporation  
400 are transmitted to the Secretary of State, the incorporators  
401 shall petition the commissioner to issue a certificate setting  
402 forth the commissioner's finding that the establishment and  
403 maintenance of the proposed corporation will promote the  
404 general good of the state. In arriving at this finding the  
405 commissioner shall consider all of the following:

406 a. The character, reputation, financial standing, and  
407 purposes of the incorporators.

408 b. The character, reputation, financial responsibility,  
409 insurance experience, and business qualifications of the  
410 officers and directors.

411 c. Any other aspects as the commissioner shall deem  
412 advisable.

413 (2) The articles of incorporation, the certificate, and  
414 the organization fee shall be transmitted to the Secretary of  
415 State, who shall ~~thereupon~~ record both the articles of  
416 incorporation and the certificate.

417 (e) In the case of a captive insurance company formed  
418 as a reciprocal insurer, the organizers shall petition the  
419 commissioner to issue a certificate setting forth the  
420 commissioner's finding that the establishment and maintenance



## HB415 Enrolled

421 of the proposed association will promote the general good of  
422 the state. In arriving at this finding the commissioner shall  
423 consider all of the following:

424 (1) The character, reputation, financial standing, and  
425 purposes of the organizers.

426 (2) The character, reputation, financial  
427 responsibility, insurance experience, and business  
428 qualifications of the attorney-in-fact.

429 (3) The competence of any person who, pursuant to a  
430 contract with the captive insurance company, will manage the  
431 affairs of the company.

432 (4) The competence, reputation, and experience of the  
433 company's legal counsel relating to the regulation of  
434 insurance.

435 (5) The company's business plan.

436 ~~(3)~~ (6) Any other aspects as the commissioner shall deem  
437 advisable.

438 (f) In the case of a captive insurance company licensed  
439 as a branch captive insurance company, the alien captive  
440 insurance company shall petition the commissioner to issue a  
441 certificate setting forth the commissioner's finding that,  
442 after considering the character, reputation, financial  
443 responsibility, insurance experience, and business  
444 qualifications of the officers and directors of the alien  
445 captive insurance company, the competence of any person who,  
446 pursuant to a contract with the captive insurance company,  
447 will manage the affairs of the company, the competence,  
448 reputation, and experience of the company's legal counsel



## HB415 Enrolled

449 relating to the regulation of insurance, and the company's  
450 business plan, the licensing and maintenance of the branch  
451 operations will promote the general good of the state. The  
452 alien captive insurance company may register to do business in  
453 this state after the commissioner's certificate is issued.

454 (g) The capital stock of a captive insurance company  
455 incorporated as a stock insurer may be authorized with no par  
456 value.

457 (h) In the case of a captive insurance company, at  
458 least one of the members of the board of directors, managing  
459 members, or equivalents as allowed by law, shall be a resident  
460 of this state.

461 (i) In the case of a captive insurance company formed  
462 as a reciprocal insurer, at least one of the members of the  
463 subscribers' advisory committee shall be a resident of this  
464 state.

465 (j) Captive insurance companies formed as corporations  
466 under this chapter shall have the privileges and be subject to  
467 the general corporation law as well as the applicable  
468 provisions of this chapter. In the event of conflict between  
469 the general corporation law and this chapter, the latter shall  
470 control. The provisions of this title pertaining to mergers,  
471 consolidations, and conversions shall apply in determining the  
472 procedures to be followed by captive insurance companies in  
473 carrying out any of the transactions described therein, except  
474 that the commissioner may waive or modify the requirements for  
475 public notice and hearing in accordance with rules which the  
476 commissioner may adopt addressing categories of transactions.



## HB415 Enrolled

477 If a notice of public hearing is required, but no one requests  
478 a hearing, then the commissioner may cancel the hearing.

479 (k)(1) Captive insurance companies formed as reciprocal  
480 insurers under this chapter shall have the privileges and be  
481 subject to Chapter 31 in addition to the applicable provisions  
482 of this chapter. In the event of a conflict between Chapter 31  
483 and this chapter, the latter shall control. To the extent a  
484 reciprocal insurer is made subject to other provisions of this  
485 title pursuant to Chapter 31, the provisions shall not be  
486 applicable to a reciprocal insurer formed under this chapter  
487 unless the provisions are expressly made applicable to captive  
488 insurance companies under this chapter.

489 (2) In addition to subdivision (1), captive insurance  
490 companies organized as reciprocal insurers that are industrial  
491 insured groups as defined in ~~paragraph b. of subdivision (19)~~  
492 ~~of~~ Section 27-31B-2(19)b. shall have the privileges and be  
493 subject to ~~the provisions of~~ Chapter 31A in addition to the  
494 applicable provisions of this chapter.

495 (l) The articles of incorporation, organization, or  
496 equivalent allowed by law, or bylaws of a captive insurance  
497 company may authorize a quorum of a board of directors to  
498 consist of no fewer than one-third of the fixed or prescribed  
499 number of directors determined under Title ~~10~~ 10A.

500 (m) The subscribers' agreement or other organizing  
501 document of a captive insurance company formed as a reciprocal  
502 insurer may authorize a quorum of a subscribers' advisory  
503 committee to consist of no fewer than one-third of its  
504 members."



## HB415 Enrolled

505           "§27-31B-9

506           (a) Captive insurance companies shall not be required  
507 to make any annual report except as provided in this chapter.

508           (b) Prior to March 1 of each year, each captive  
509 insurance company shall submit to the commissioner a report of  
510 its financial condition, verified by oath of two of its  
511 executive officers. Except as provided in Section 27-31B-6,  
512 each captive insurance company shall report using statutory  
513 accounting principles, unless the commissioner approves the  
514 use of generally accepted accounting principles, with any  
515 useful or necessary modifications or adaptations thereof  
516 required or approved or accepted by the commissioner for the  
517 type of insurance and kinds of insurers to be reported upon,  
518 and as supplemented by additional information required by the  
519 commissioner. Except as otherwise provided, each association  
520 captive insurance company and each industrial insured captive  
521 insurance company insuring the risks of an industrial insured  
522 group defined in ~~paragraph b. of subdivision (18) of Section~~  
523 27-31B-2(19)b. shall file its report in the form required by  
524 Section 27-3-26. Each risk retention group shall file its  
525 report in the form required by Section 27-3-26 and shall  
526 comply with all filing requirements set forth in this title as  
527 well as rules and bulletins of the Alabama Department of  
528 Insurance applicable to casualty insurers domiciled in the  
529 state. The commissioner shall by rule propose the forms in  
530 which pure captive insurance companies and industrial insured  
531 captive insurance companies insuring the risks of an  
532 industrial insured group defined in ~~paragraph a. of~~



## HB415 Enrolled

533 ~~subdivision (18) of~~ Section 27-31B-2 (19)a. shall report.

534 ~~Subdivision (4) of subsection (c) of~~ Section 27-31B-3 (d) (4)

535 shall apply to each report filed pursuant to this section,

536 except the subdivision shall not apply to reports filed by

537 industrial insured captive insurance companies insuring the

538 risks of industrial insured groups as defined in ~~paragraph b.~~

539 ~~of subdivision (18) of~~ Section 27-31B-2 (19)b.

540 (c) Any pure captive insurance company or an industrial

541 insured captive insurance company insuring the risks of

542 industrial insured groups as defined in ~~paragraph a. of~~

543 ~~subdivision (18) of~~ Section 27-31B-2 (19)a. may make written

544 application for filing the required report on a fiscal

545 year-end. If an alternative reporting date is granted, the

546 annual report shall be due 60 days after the end of the fiscal

547 year and, in order to provide sufficient detail to support the

548 premium tax return, the pure captive insurance company or

549 industrial insured captive insurance company insuring the

550 risks of industrial insureds as defined in ~~paragraph b. of~~

551 ~~subdivision (18) of~~ Section 27-31B-2 (17) shall file prior to

552 March 1 of each year for each calendar year-end, pages 1, 2,

553 3, and 5 of the "Captive Annual Statement; Pure or Industrial

554 Insured," verified by oath of two of its executive officers.

555 (d) Sixty days after the fiscal year-end, a branch

556 captive insurance company shall file with the commissioner a

557 copy of all reports and statements required to be filed under

558 the laws of the jurisdiction in which the alien captive

559 insurance company is formed, verified by oath of two of its

560 executive officers. If the commissioner is satisfied that the



## HB415 Enrolled

561 annual report filed by the alien captive insurance company in  
562 its domiciliary jurisdiction provides adequate information  
563 concerning the financial condition of the alien captive  
564 insurance company, the commissioner may waive the requirement  
565 for completion of the captive annual statement for business  
566 written in the alien jurisdiction.

567 (e) Annually on or before June 30, an audited statement  
568 of the captive insurer's financial condition prepared in  
569 accordance with generally accepted accounting principles in  
570 the United States for the preceding calendar year ending  
571 December 31, which shall include all of the following:

572 a. The report of an independent certified public  
573 accountant.

574 b. A balance sheet.

575 c. An income statement.

576 d. A statement of cash flows.

577 e. A statement of changes in capital and surplus.

578 f. Notes to financial statements.

579 (f) An annual actuarial certification of loss reserves  
580 and loss expense reserves which includes an opinion of the  
581 adequacy of the loss reserves and loss expense reserves of the  
582 captive insurer, in a format acceptable to the commissioner,  
583 shall be filed with the report required in subsection (b). The  
584 person that certifies the reserves shall be approved by the  
585 commissioner and shall be a qualified actuary as defined in  
586 the National Association of Insurance Commissioners Quarterly  
587 and Annual Statement Instructions-Property/Casualty."

588 Section 2. This act shall become effective June 1,

**HB415 Enrolled**



589 2026.



**HB415 Enrolled**

590  
591  
592  
593  
594  
595  
596  
597  
598  
599  
600  
601  
602  
603  
604  
605  
606  
607  
608  
609  
610  
611  
612  
613  
614  
615  
616  
617  
618  
619  
620  
621  
622

---

Speaker of the House of Representatives

---

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and was passed by the House 10-Mar-26, as amended.

John Treadwell  
Clerk

Senate

---

**07-Apr-26**

---

Passed