

1 HB225
2 148087-1
3 By Representatives Sessions, Davis, Gaston, Faust, McMillan,
4 Fincher, Barton, Shiver, Buskey, Ison, Brown, Beech, Scott,
5 Baker, Johnson (K), Hill, Patterson, Laird, Burdine, Millican,
6 Bracy, Johnson (W), Wren, Warren and Love
7 RFD: Insurance
8 First Read: 07-FEB-13

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8 SYNOPSIS: Under existing law, the investments of
9 foreign and alien insurers are required to be of a
10 quality and diversity substantially equivalent to
11 the quality and diversity required of domestic
12 insurers.

13 This bill would provide an exception to the
14 quality and diversity of investments requirement
15 for foreign and alien insurers for cash
16 equivalents.

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18 A BILL
19 TO BE ENTITLED
20 AN ACT

21
22 Relating to insurance; to amend Section 27-41-39,
23 Code of Alabama 1975, to exempt cash equivalents from the
24 quality and diversity requirements of the investments of
25 foreign and alien insurers authorized to transact insurance in
26 this state.

27 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. Section 27-41-39, Code of Alabama 1975,
2 is amended to read as follows:

3 "§27-41-39.

4 "(a) The investments of a foreign or alien insurer
5 shall be as permitted by the laws of its domicile, but shall
6 be of a quality and diversity substantially equivalent to that
7 required of like domestic insurers under this chapter.

8 "(b) (1) Cash equivalents are exempt from the
9 limitations of this section.

10 "(2) "Cash equivalents" means investments with a
11 maturity of 90 days or less which are highly rated by a
12 nationally recognized statistical rating organization
13 recognized by the Commissioner of Insurance and which are
14 highly liquid, readily convertible to known amounts of cash
15 without penalty, and so near maturity that they present
16 insignificant risk of change in value."

17 Section 2. This act shall become effective
18 immediately following its passage and approval by the
19 Governor, or its otherwise becoming law.