

1 SB346
2 136090-1
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

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

17 27-5-7 "Surety insurance" includes: (1) Fidelity
18 insurance, which is insurance guaranteeing the fidelity of
19 persons holding positions of public or private trust; (2)
20 Insurance guaranteeing the performance of contracts, other
21 than insurance policies, and guaranteeing and executing bonds,
22 undertakings and contracts of suretyship; and (3) Insurance
23 indemnifying banks, bankers, brokers, financial or moneyed
24 corporations or associations against loss, resulting from any
25 cause, of bills of exchange, notes, bonds, securities,
26 evidences of debt, deeds, mortgages, warehouse receipts or
27 other valuable papers, documents, money, precious metals, and

1 articles made therefrom, jewelry, watches, necklaces,
2 bracelets, gems, precious and semiprecious stones, including
3 any loss while the same are being transported in armored motor
4 vehicles or by messenger, but not including any other risks of
5 transportation or navigation; also, insurance against loss or
6 damage to such an insured's premises or to his furnishings,
7 fixtures, equipment, safes, and vaults therein caused by
8 burglary, robbery, theft, vandalism or malicious mischief, or
9 any attempt thereat.

10 27-5-8 "Marine insurance" includes: (1) Insurance
11 against any and all kinds of loss or damage to: a. Vessels,
12 craft, aircraft, cars, automobiles and vehicles of every kind,
13 as well as all goods, freights, cargoes, merchandise, effects,
14 disbursements, profits, moneys, bullion, precious stones,
15 securities, choses in action, evidence of debt, valuable
16 papers, bottomry and respondentia interests, and all other
17 kinds of property and interests therein in respect to,
18 appertaining to or in connection with any and all risks or
19 perils of navigation, transit, or transportation, including
20 war risks, on or under any seas or other waters, on land or in
21 the air, or while being assembled, packed, crated, baled,
22 compressed, or similarly prepared for shipment or while
23 awaiting the same or during any delays, storage,
24 transshipment, or reshipment incident thereto, including
25 marine builder's risks and all personal property floater
26 risks; b. Person or to property in connection with, or
27 appertaining to, a marine, inland marine, transit or

1 transportation insurance, including liability for loss of, or
2 damage to, either, arising out of or in connection with the
3 construction, repair, operation, maintenance or use of the
4 subject matter of such insurance, but not including life
5 insurance or surety bonds nor insurance against loss by reason
6 of bodily injury to the person arising out of the ownership,
7 maintenance or use of automobiles; c. Precious stones,
8 jewels, jewelry, gold, silver, and other precious metals,
9 whether used in business or trade or otherwise and whether the
10 same be in course of transportation or otherwise; and d.
11 Bridges, tunnels and other instrumentalities of transportation
12 and communication, excluding buildings, their furniture and
13 furnishings, fixed contents and supplies held in storage,
14 unless fire, tornado, sprinkler leakage, hail, explosion,
15 earthquake, riot and/or civil commotion are the only hazards
16 to be covered; piers, wharves, docks, and slips, excluding the
17 risks of fire, tornado, sprinkler leakage, hail, explosion,
18 earthquake, riot, and/or civil commotion; and other aids to
19 navigation and transportation, including dry docks and marine
20 railways, against all risks. (2) "Marine protection and
21 indemnity insurance," meaning insurance against, or against
22 legal liability of the insured for, loss, damage or expense
23 arising out of, or incident to, the ownership, operation,
24 chartering, maintenance, use, repair, or construction of any
25 vessel, craft or instrumentality in use in ocean or inland
26 waterways, including liability of the insured for personal

1 injury, illness, or death or for loss of, or damage to, the
2 property of another person.

3 27-5-9 For the purposes of this title, "wet marine
4 and transportation insurance" is that part of marine insurance
5 which includes only: (1) Insurance upon vessels, crafts,
6 hulls and of interests therein or with relation thereto; (2)
7 Insurance of marine builder's risks, marine war risks, and
8 contracts of marine protection and indemnity insurance; (3)
9 Insurance of freights and disbursements pertaining to a
10 subject of insurance coming within this section; and (4)
11 Insurance of personal property and interests therein in course
12 of exportation from, or importation into, any country and in
13 course of transportation coastwise or on inland waters,
14 including transportation by land, water or air from point of
15 origin to final destination, in respect to, appertaining to or
16 in connection with any and all risks or perils of navigation,
17 transit or transportation, and while being prepared for and
18 while awaiting shipment and during any delays, storage,
19 transshipment or reshipment incident thereto.

20 27-5-10 "Title insurance" is insurance of owners of
21 property, or others having an interest therein or liens or
22 encumbrances thereon against loss by encumbrance, or defective
23 titles, or invalidity or adverse claim to title.

24 27-5-11 (a) No insurer shall retain any risk on any
25 one subject of insurance, whether located or to be performed
26 in this state or elsewhere, in an amount exceeding 10 percent
27 of its surplus to policyholders. (b) A "subject of

1 insurance," for the purposes of this section, as to insurance
2 against fire and hazards other than windstorm, earthquake, and
3 other catastrophic hazards, includes all properties insured by
4 the same insurer which are customarily considered by
5 underwriters to be subject to loss or damage from the same
6 fire or the same occurrence of such other hazard insured
7 against. (c) Reinsurance ceded as authorized by Section
8 27-5-12 shall be deducted in determining risk retained. As to
9 surety risks, deduction shall also be made of the amount
10 assumed by any established incorporated cosurety and the value
11 of any security deposited, pledged or held subject to the
12 surety's consent and for the surety's protection. (d) As to
13 alien insurers, this section shall relate only to risks and
14 surplus to policyholders of the insurer's United States
15 branch. (e) "Surplus to policyholders," for the purposes of
16 this section, in addition to the insurer's capital and
17 surplus, shall be deemed to include any voluntary reserves
18 which are not required pursuant to law and shall be determined
19 from the last sworn statement of the insurer on file with the
20 commissioner or by the last report of examination of the
21 insurer, whichever is the more recent at time of assumption of
22 risk. (f) This section shall not apply to life or disability
23 insurance, title insurance, insurance of wet marine and
24 transportation risks, workmen's compensation insurance,
25 employers' liability coverages, nor to any policy or type of
26 coverage as to which the maximum possible loss to the insurer
27 is not readily ascertainable on issuance of the policy.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 27-5-7 to 27-5-11, 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.