

1 SB353
2 136082-1
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

14
15 Relating to the Alabama Insurance Code, to repeal
16 the following:

17 27-4-8 Annuity considerations and premiums received
18 by a life insurer licensed to transact business in this state
19 and which is organized and operated without profit to any
20 private shareholder or individual and exclusively for the
21 purpose of aiding nonprofit education and scientific
22 institutions by issuing insurance or annuity contracts only
23 for the benefit of such institutions and individuals employed
24 in the services thereof at the time such policy or contract is
25 issued shall not be subject to the payment of a privilege tax
26 based upon premiums or annuity considerations under the
27 provisions of this chapter or any other law of this state. In

1 lieu of such privilege tax upon premiums and annuity
2 considerations, such nonprofit company shall pay an annual
3 license fee of \$5,000.00 to the commissioner for the privilege
4 of transacting an insurance business in this state. The
5 initial payment of such shall be due on the date that such
6 insurer is licensed to do business in the State of Alabama and
7 upon March 1, of each year succeeding that of admission, so
8 long as such insurer shall be licensed to transact an
9 insurance business in this state.

10 27-4-11 (a) Where any taxpayer in the payment of
11 taxes or payments of licenses which are paid directly to the
12 commissioner and where by a mistake of fact or law has paid an
13 amount in excess of the amount due or has made an erroneous
14 payment, the Comptroller is authorized to draw his warrant on
15 the Treasurer in favor of such taxpayer and the Treasurer is
16 authorized to pay such warrant for the amount of such
17 overpayment or erroneous payment. (b) Before any refund under
18 this section can be made the taxpayer, his heirs, successors
19 or assigns shall file, in duplicate, a petition directed to
20 the commissioner, setting up the fact relied on to procure the
21 refunding of the money erroneously paid. Such application must
22 be made within three years from the date of such payment. (c)
23 The commissioner shall examine said petition and the records
24 of the Department of Insurance, and if the facts set forth in
25 the petition are such as to entitle the petitioner to the
26 refunding of the money as requested and the commissioner, upon
27 the evidence adduced is satisfied that the petitioner is

1 entitled to the refund as requested, he shall so certify to
2 the Comptroller, stating the amount to be refunded by the
3 state, the particular fund on which such warrant shall be
4 drawn, including both the special revolving fund and the
5 General Fund, and he shall forward to the Comptroller a copy
6 of the petition with the certificate attached. If the
7 Comptroller shall be satisfied that the petition is in form
8 required by law, he shall draw his warrant on the Treasurer as
9 provided in this section for the amount certified to him by
10 the commissioner.

11 27-4A-1 This chapter shall be known and may be cited
12 as "The Insurance Premium Tax Reform Act of 1993."

13 27-4A-2 For the purposes of this chapter only, the
14 following terms, unless the context clearly indicates
15 otherwise, shall have the meanings: (1) ANNUITY
16 CONSIDERATIONS. All sums received as consideration for annuity
17 contracts. (2) COMMISSIONER. The Commissioner of Insurance of
18 the State of Alabama. (3) DEPARTMENT. The Department of
19 Insurance of the State of Alabama. (4) DOMESTIC INSURER. Any
20 insurer organized under the laws of the State of Alabama which
21 maintains its principal office and chief place of business in
22 the State of Alabama. (5) FOREIGN INSURER. Any insurer
23 organized under the laws of any country or of any state of the
24 United States other than the State of Alabama and any insurer
25 organized under the laws of Alabama which maintains its
26 principal office or chief place of business outside the State
27 of Alabama. (6) INSURER. Every insurer as defined in Section

1 27-1-2, and every other insurance company or association
2 charging a premium for contracts entered into by those
3 companies, associations, or societies, which shall include
4 every non-profit corporation organized pursuant to Sections
5 10-4-100 to 10-4-115, inclusive, every mutual aid association
6 including those organized pursuant to Chapter 30, Title 27,
7 and every health maintenance organization including those
8 organized pursuant to Chapter 21A, Title 27. Notwithstanding
9 the foregoing, societies exempt pursuant to Section 27-34-42,
10 and self-insurance programs utilizing a trust fund or similar
11 entity providing workers' compensation, health, and other
12 insurance-like coverage shall not be included within this
13 definition of insurer. (7) MEDICAL LIABILITY INSURANCE.
14 Liability insurance provided to hospitals, physicians,
15 dentists, and other persons licensed by the State of Alabama
16 to provide healthcare services against legal liability
17 resulting from the failure of such insureds to comply with the
18 standard of care applicable to them in rendering medical care
19 to patients, including general liability insurance written as
20 a part of such insurance. (8) PREMIUMS. All amounts received
21 in cash or otherwise on risks in this state as consideration
22 for contracts of insurance, less all of the following: a.
23 Insurance premiums returned. b. Reinsurance premiums from
24 insurance companies authorized to do business in Alabama and
25 subject to the premium tax provided for in Chapter 4 of Title
26 27. c. Dividends paid, applied, or left with the company to
27 accumulate at interest. Premiums shall not include: (i)

1 annuity considerations; or (ii) charges by title insurers for
2 abstracting, record searching, certificates as to the record
3 title, escrow and closing services and other related services,
4 or the costs and expenses of examinations of title.

5 27-4A-3 (a) Subject to the exceptions and exemptions
6 hereinafter set forth, for the year beginning on January 1,
7 1995, and for each year thereafter, every insurer shall pay to
8 the commissioner a premium tax equal to the percentage, as set
9 out in this subsection (a), of the premiums received by the
10 insurer for business done in this state, whether the same was
11 actually received by the insurer in this state or elsewhere:

12 (1) PREMIUM TAX ON LIFE INSURANCE PREMIUMS. a. Except as
13 hereinafter provided, the rates of taxation on life insurance
14 premiums shall be those amounts set out in the following
15 schedule: Year Foreign Insurers Domestic Insurers 1995 2.9
16 1.3 1996 2.8 1.6 1997 2.7 1.8 1998 2.5 2.1 Every Year
17 Thereafter 2.3 2.3 b. Individual life insurance policies in

18 a face amount of greater than \$5,000 and up to and including
19 \$25,000, excluding group life insurance policies, shall be
20 taxed at the rate of one percent per annum. c. Individual
21 life insurance policies in a face amount of \$5,000 or less,
22 excluding group life insurance policies, shall be taxed at the
23 rate of one-half percent per annum. d. For the purposes of
24 computing the face amount of life insurance policies, all life
25 insurance policies issued within 60 days of another on the
26 life of the same applicant or applicants shall be treated as
27 one policy. (2) PREMIUM TAX ON HEALTH INSURANCE PREMIUMS.

1 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

2 Section 1. Sections 27-4-8 to 27-4A-3, 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.