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3 By Representative Hill  
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SYNOPSIS: Under existing law, the risk-based capital law for insurers does not apply to fraternal benefit societies or health organizations.

Under existing law, for purposes of the Alabama Producer Controlled Property and Casualty Insurer Law, insurer is defined to exclude risk retention groups.

Under existing law, a risk retention group chartered and licensed in this state is subject to certain laws relating to its formation and operation.

This bill would make Alabama's law substantially similar to the current versions of the Model Risk-Based Capital for Insurers Act, the Model Business Transacted with Producer Controlled Property and Casualty Insurer Law, and the Model Risk-Based Capital for Health Organizations Act, all developed by the National Association of Insurance Commissioners.

1           This bill would amend the Alabama risk-based  
2 capital law so as to include fraternal benefit  
3 societies and health organizations, such as health  
4 care service plans, health maintenance  
5 organizations, and dental service corporations, and  
6 would subject fraternal benefit societies to the  
7 same risk-based capital requirements applicable to  
8 life and health insurers and health organizations  
9 to the same risk-based capital requirements  
10 applicable to property and casualty insurers.

11           This bill would amend the Alabama Producer  
12 Controlled Property and Casualty Insurer Law so as  
13 to change the definition of insurer to include risk  
14 retention groups.

15           This bill would amend the Alabama Risk  
16 Retention Act to require risk retention groups  
17 chartered and licensed in this state to file an  
18 annual financial statement with the Department of  
19 Insurance and with the NAIC in a form prescribed by  
20 the NAIC and in an electronic form if required by  
21 the commissioner, and would also require risk  
22 retention groups chartered and licensed in this  
23 state to adopt governance standards relating to the  
24 board of directors, service provider contracts,  
25 written policy, and audit committee, and to adopt a  
26 code of business conduct and ethics for directors,  
27 officers, and employees.

1  
2 A BILL  
3 TO BE ENTITLED  
4 AN ACT

5  
6 Relating to insurance; to revise the Alabama  
7 Risk-Based Capital (RBC) for Insurers Act to define insurers  
8 to include fraternal benefit societies and health  
9 organizations, such as health care service plans, health  
10 maintenance organizations, and dental service corporations; to  
11 subject health organizations to the same RBC requirements  
12 applicable to property and casualty insurers; to revise the  
13 Alabama Business Transacted with Producer Controlled Property  
14 and Casualty Insurer Law to change the definition of insurer  
15 to include risk retention groups; to revise the Alabama Risk  
16 Retention Act to require risk retention groups chartered and  
17 licensed in this state to file an annual financial statement  
18 with the Department of Insurance and with the NAIC in a form  
19 prescribed by the NAIC and to require them to adopt governance  
20 standards relating to the board of directors, service provider  
21 contracts, written policy, and audit committee; to adopt a  
22 code of business conduct and ethics for directors, officers,  
23 and employees; to amend Sections 27-2B-2; 27-2B-3; 27-2B-4, as  
24 amended by Act 2013-194, 2013 Regular Session; 27-2B-7; and  
25 27-2B-10, Code of Alabama 1975; to add Section 27-2B-14.1 to  
26 the Code of Alabama 1975; to amend Sections 27-6B-2 and  
27 27-6B-4, Code of Alabama 1975; to amend Section 27-3A-3, Code

1 of Alabama 1975; to add Section 27-3A-3.1 to the Code of  
2 Alabama 1975; and to amend Sections 10A-20-6.16, 22-21-374 and  
3 22-21A-23, Code of Alabama 1975.

4 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

5 Section 1. The purposes of this act are as follows:

6 (1) To revise the Alabama Risk-Based Capital (RBC)  
7 for Insurers Act to be substantially similar to the most  
8 recent versions of the Model Risk-Based Capital for Insurers  
9 Act and the Model Risk-Based Capital for Health Organizations  
10 Act developed by the National Association of Insurance  
11 Commissioners.

12 (2) To revise the Alabama Business Transacted with  
13 Producer Controlled Property and Casualty Insurer Law to be  
14 substantially similar to the most recent version of the Model  
15 Business Transacted with Producer Controlled Property and  
16 Casualty Insurer Law developed by the National Association of  
17 Insurance Commissioners.

18 (3) To revise the Alabama Risk Retention Act to be  
19 substantially similar to the most recent version of the Model  
20 Risk Retention Act developed by the National Association of  
21 Insurance Commissioners.

22 Section 2. Sections 27-2B-2; 27-2B-3; 27-2B-4, as  
23 amended by Act 2013-194, 2013 Regular Session; 27-2B-7; and  
24 27-2B-10, Code of Alabama 1975, are amended to read as  
25 follows:

26 "§27-2B-2.

1 "As used in this chapter, these terms shall have the  
2 following meanings:

3 "(1) ADJUSTED RBC REPORT. An RBC report which has  
4 been adjusted by the commissioner in accordance with  
5 subsection (e) of Section 27-2B-3.

6 "(2) CORRECTIVE ORDER. An order issued by the  
7 commissioner specifying corrective actions which the  
8 commissioner has determined are required.

9 "(3) DOMESTIC INSURER. Any ~~insurance company~~ insurer  
10 domiciled in this state.

11 "(4) FOREIGN INSURER. Any ~~insurance company~~ insurer  
12 which is licensed to do business in this state but not  
13 domiciled in this state.

14 "(5) FRATERNAL BENEFIT SOCIETY. Any insurer licensed  
15 under Chapter 34.

16 "(6) HEALTH ORGANIZATION. Any health care service  
17 plan, health maintenance organization, limited health service  
18 organization, dental services corporation, or other managed  
19 care organization licensed under this title. This term does  
20 not include any life and disability insurer or property and  
21 casualty insurer.

22 "(7) INSURER. As defined in Section 27-1-2,  
23 including, without limitation, any fraternal benefit society  
24 and any health organization.

25 "~~(5)~~ (8) LIFE OR HEALTH INSURER. Any insurance  
26 company insurer licensed to do business in this state and  
27 authorized to transact life and/or disability insurance,

1 including a property and casualty insurer writing only  
2 disability insurance, but shall not include fraternal benefit  
3 societies, health care service corporations, dental service  
4 organizations, health maintenance organizations, dental plan  
5 organizations or mutual aid associations.

6 ~~"(6)(9)~~ NAIC. The National Association of Insurance  
7 Commissioners.

8 ~~"(7)(10)~~ NEGATIVE TREND. With respect to a life or  
9 health insurer or a fraternal benefit society, a negative  
10 trend over a period of time, as determined in accordance with  
11 the trend test calculation included in the RBC instructions.

12 ~~"(8)(11)~~ PROPERTY AND CASUALTY INSURER. Any  
13 ~~insurance company~~ insurer licensed to do business in this  
14 state and authorized to transact property, marine, casualty  
15 and/or surety insurance, but shall not include monoline  
16 mortgage guaranty insurers, financial guaranty insurers and  
17 title insurers.

18 ~~"(9)(12)~~ RBC. Risk-based capital.

19 ~~"(10)(13)~~ RBC INSTRUCTIONS. The RBC report including  
20 risk-based capital instructions adopted by the NAIC, as the  
21 RBC instructions may be amended by the NAIC from time to time  
22 in accordance with the procedures adopted by the NAIC.

23 ~~"(11)(14)~~ RBC LEVEL. An insurer's company action  
24 level RBC, regulatory action level RBC, authorized control  
25 level RBC, or mandatory control level RBC where:

1 "a. "Company action level RBC" means, with respect  
2 to any insurer, the product of 2.0 and its authorized control  
3 level RBC.

4 "b. "Regulatory action level RBC" means the product  
5 of 1.5 and its authorized control level RBC.

6 "c. "Authorized control level RBC" means the number  
7 determined under the risk-based capital formula in accordance  
8 with the RBC instructions.

9 "d. "Mandatory control level RBI" means the product  
10 of .70 and the authorized control level RBC.

11 "~~(12)~~(15) RBC PLAN. A comprehensive financial plan  
12 containing the elements specified in subsection (b) of Section  
13 27-2B-4. If the commissioner rejects the RBC plan, and it is  
14 revised by the insurer, with or without the commissioner's  
15 recommendation, the plan shall be called the revised RBC plan.

16 "~~(13)~~(16) RBC REPORT. The report required in Section  
17 27-2B-3.

18 "~~(14)~~(17) STATUTORY CAPITAL AND SURPLUS. The  
19 combination of capital and surplus. As used in this  
20 definition, these terms shall have the following meanings:

21 "a. Capital. At any particular time, the sum of (i)  
22 the par value of all shares of the insurer having a par value  
23 that have been issued, (ii) the amount of consideration  
24 received by the insurer for all shares of the insurer without  
25 par value that have been issued, except any part of the  
26 consideration therefor as may have been allocated to surplus  
27 in a manner permitted by law, and (iii) any amounts not



1 included in clauses (i) and (ii) of this subdivision as have  
2 been transferred to capital of the insurer, whether upon the  
3 issue of shares as a share dividend or otherwise, minus all  
4 reductions from the sum as have been affected in a manner  
5 permitted by law.

6 "b. Surplus. The excess of the net admitted assets  
7 of an insurer over its capital. As used in this definition,  
8 "net admitted assets" means the excess of admitted assets of  
9 an insurer over its liabilities.

10 "~~(15)~~(18) TOTAL ADJUSTED CAPITAL. The sum of:

11 "a. An insurer's statutory capital and surplus.

12 "b. Other items, if any, as the RBC instructions may  
13 provide.

14 "§27-2B-3.

15 "(a) Every domestic insurer shall, on or prior to  
16 each March 1 (the "filing date"), prepare and submit to the  
17 commissioner a report of its RBC levels as of the end of the  
18 calendar year just ended, in a form and containing information  
19 as is required by the RBC instructions. In addition, every  
20 domestic insurer shall file its RBC report with:

21 "(1) The NAIC according to the RBC instructions.

22 "(2) The insurance commissioner in any state in  
23 which the insurer is authorized to do business, if the  
24 insurance commissioner has notified the insurer of its request  
25 in writing, in which case the insurer shall file its RBC  
26 report not later than the later of either of the following:

1            "a. Fifteen days from the receipt of notice to file  
2 its RBC report with that state.

3            "b. The filing date.

4            "(b) A life and health insurer's and a fraternal  
5 benefit society's RBC shall be determined in accordance with  
6 the formula set forth in the RBC instructions. The formula  
7 shall take into account, and may adjust for the covariance  
8 between, the following factors determined in each case by  
9 applying the factors in the manner set forth in the RBC  
10 instructions:

11            "(1) The risk with respect to the insurer's assets.

12            "(2) The risk of adverse insurance experience with  
13 respect to the insurer's liabilities and obligations.

14            "(3) The interest rate risk with respect to the  
15 insurer's business.

16            "(4) All other business risks and other relevant  
17 risks as are set forth in the RBC instructions. Subdivisions  
18 (1) to (4), inclusive, shall be determined in each case by  
19 applying the factors in the manner set forth in the RBC  
20 instructions.

21            "(c) A property and casualty insurer's and a health  
22 organization's RBC shall be determined in accordance with the  
23 formula set forth in the RBC instructions. The formula shall  
24 take into account, and may adjust for the covariance between,  
25 the following factors determined in each case by applying the  
26 factors in the manner set forth in the RBC instructions:

27            "(1) Asset risk.

1           "(2) Credit risk.

2           "(3) Underwriting risk.

3           "(4) All other business risks and other relevant  
4 risks as are set forth in the RBC instructions. Subdivisions  
5 (1) to (4), inclusive, shall be determined by applying the  
6 factors in the manner set forth in the RBC instructions.

7           "(d) An excess of capital over the amount produced  
8 by the risk-based capital requirements contained in this  
9 chapter and the formulas, schedules, and instructions  
10 referenced in this chapter is desirable in the business of  
11 insurance. Accordingly, insurers should seek to maintain  
12 capital above the RBC levels required by this chapter.  
13 Additional capital is used and useful in the insurance  
14 business and helps to secure an insurer against various risks  
15 inherent in or affecting the business of insurance and not  
16 accounted for or only partially measured by the risk-based  
17 capital requirements contained in this chapter.

18           "(e) If a domestic insurer files an RBC report which  
19 in the judgment of the commissioner is inaccurate, then the  
20 commissioner shall adjust the RBC report to correct the  
21 inaccuracy and shall notify the insurer of the adjustment. The  
22 notice shall contain a statement of the reason for the  
23 adjustment. An RBC report as so adjusted is referred to as an  
24 "adjusted RBC report."

25           "§27-2B-4.

26           "(a) Company action level event means any of the  
27 following events:

1           "(1) The filing of an RBC report by an insurer which  
2 indicates any of the following:

3           "a. The insurer's total adjusted capital is greater  
4 than or equal to its regulatory action level RBC, but less  
5 than its company action level RBC.

6           **"b. If a life or health insurer or fraternal benefit**  
7 **society,** the insurer has total adjusted capital which is  
8 greater than or equal to its company action level RBC but less  
9 than the product of its authorized control level RBC and 3.0  
10 and has a negative trend.

11           **"c. If a property and casualty insurer or a health**  
12 **organization,** the insurer has total adjusted capital which is  
13 greater than or equal to its company action level RBC, but  
14 less than the product of its authorized control level RBC and  
15 3.0, and triggers the trend test determined in accordance with  
16 the trend test calculation included in the property and  
17 casualty or health organization RBC instructions.

18           "(2) The notification by the commissioner to the  
19 insurer of an adjusted RBC report that indicates an event in  
20 subdivision (1) of this subsection, provided the insurer does  
21 not challenge the adjusted RBC report under Section 27-2B-8.

22           "(3) If, pursuant to Section 27-2B-8, an insurer  
23 challenges an adjusted RBC report that indicates the event in  
24 subdivision (1) of this subsection, the notification by the  
25 commissioner to the insurer that the commissioner has, after a  
26 hearing, rejected the insurer's challenge.

1           "(b) In the event of a company action level event,  
2 the insurer shall prepare and submit to the commissioner an  
3 RBC plan which shall include all of the following:

4           "(1) Identify the conditions which contribute to the  
5 company action level event.

6           "(2) Contain proposals of corrective actions which  
7 the insurer intends to take and would be expected to result in  
8 the elimination of the company action level event.

9           "(3) Provide projections of the insurer's financial  
10 results in the current year and at least the four succeeding  
11 years, both in the absence of proposed corrective actions and  
12 giving effect to the proposed corrective actions, including  
13 projections of statutory operating income, net income,  
14 capital, or surplus. The projections for both new and renewal  
15 business may include separate projections for each major line  
16 of business and separately identify each significant income,  
17 expense, and benefit component.

18           "(4) Identify the key assumptions impacting the  
19 insurer's projections and the sensitivity of the projections  
20 to the assumptions.

21           "(5) Identify the quality of, and problems  
22 associated with, the insurer's business, including, but not  
23 limited to, its assets, anticipated business growth and  
24 associated surplus strain, extraordinary exposure to risk, mix  
25 of business, and use of reinsurance, if any, in each case.

26           "(c) The RBC plan shall be submitted as follows:

1           "(1) Within 45 days of the company action level  
2 event.

3           "(2) If the insurer challenges an adjusted RBC  
4 report pursuant to Section 27-2B-8, within 45 days after  
5 notification to the insurer that the commissioner has, after a  
6 hearing, rejected the insurer's challenge.

7           "(d) Within 60 days after the submission by an  
8 insurer of an RBC plan to the commissioner, the commissioner  
9 shall notify the insurer whether the RBC plan shall be  
10 implemented or is, in the judgment of the commissioner,  
11 unsatisfactory. If the commissioner determines the RBC plan is  
12 unsatisfactory, the notification to the insurer shall set  
13 forth the reasons for the determination, and may set forth  
14 proposed revisions which will render the RBC plan  
15 satisfactory, in the judgment of the commissioner. Upon  
16 notification from the commissioner, the insurer shall prepare  
17 a revised RBC plan, which may incorporate by reference any  
18 revisions proposed by the commissioner, and shall submit the  
19 revised RBC plan to the commissioner as follows:

20           "(1) Within 45 days after the notification from the  
21 commissioner.

22           "(2) If the insurer challenges the notification from  
23 the commissioner under Section 27-2B-8, within 45 days after a  
24 notification to the insurer that the commissioner has, after a  
25 hearing, rejected the insurer's challenge.

26           "(E.) In the event of a notification by the  
27 commissioner to an insurer that the insurer's RBC plan or

1 revised RBC plan is unsatisfactory, the commissioner may, at  
2 the commissioner's discretion, subject to the insurer's right  
3 to a hearing under Section 27-2B-8, specify in the  
4 notification that the notification constitutes a regulatory  
5 action level event.

6 "(f) Every domestic insurer that files an RBC plan  
7 or revised RBC plan with the commissioner shall file a copy of  
8 the RBC plan or revised RBC plan with the insurance  
9 commissioner in any state in which the insurer is authorized  
10 to do business if:

11 "(1) The state has an RBC provision substantially  
12 similar to subsection (a) of Section 27-2B-9.

13 "(2) The insurance commissioner of that state has  
14 notified the insurer of its request for the filing in writing,  
15 in which case the insurer shall file a copy of the RBC plan or  
16 revised RBC plan in that state no later than the later of  
17 either of the following:

18 "a. Fifteen days after the receipt of notice to file  
19 a copy of its RBC plan or revised RBC plan with the state.

20 "b. The date on which the RBC plan or revised RBC  
21 plan is filed under subsections (c) and (d) of this section.

22 "§27-2B-7.

23 "(a) "Mandatory control level event" means any of  
24 the following events:

25 "(1) The filing of an RBC report which indicates  
26 that the insurer's total adjusted capital is less than its  
27 mandatory control level RBC.

1           "(2) Notification by the commissioner to the insurer  
2 of an adjusted RBC report that indicates the event in  
3 subdivision (1), provided the insurer does not challenge the  
4 adjusted RBC report under Section 27-2B-8.

5           "(3) If, pursuant to Section 27-2B-8, the insurer  
6 challenges an adjusted RBC report that indicates the event in  
7 subdivision (1), notification by the commissioner to the  
8 insurer that the commissioner has, after a hearing, rejected  
9 the insurer's challenge.

10           "(b) In the event of a mandatory control level  
11 event:

12           "(1) With respect to a life insurer, health  
13 organization, or fraternal benefit society, the commissioner  
14 shall take actions as necessary to place the insurer under  
15 regulatory control pursuant to Chapter 32. In that event, the  
16 mandatory control level event shall be deemed sufficient  
17 grounds for the commissioner to take action pursuant to  
18 Chapter 32, and the commissioner shall have the rights,  
19 powers, and duties with respect to the insurer as are set  
20 forth in Chapter 32. Notwithstanding any of the foregoing, the  
21 commissioner may forego action for up to 90 days after the  
22 mandatory control level event if the commissioner finds there  
23 is a reasonable expectation that the mandatory control level  
24 event may be eliminated within the 90-day period.

25           "(2) With respect to a property and casualty  
26 insurer, the commissioner shall take actions as necessary to  
27 place the insurer under regulatory control pursuant to Chapter



1 32. In the case of an insurer which is writing no business and  
2 which is running-off its existing business, the commissioner  
3 may allow the insurer to continue its run-off under his or her  
4 supervision. In either event, the mandatory control level  
5 event shall be deemed sufficient grounds for the commissioner  
6 to take action, pursuant to Chapter 32, and the commissioner  
7 shall have the rights, powers, and duties with respect to the  
8 insurer as are set forth in Chapter 32. Notwithstanding any of  
9 the foregoing, the commissioner may forego action for up to 90  
10 days after the mandatory control level event if the  
11 commissioner finds there is a reasonable expectation that the  
12 mandatory control level event may be eliminated within the  
13 90-day period.

14 "§27-2B-10.

15 "(a) The provisions of this chapter are supplemental  
16 to any other provisions of the laws of this state, and shall  
17 not preclude or limit any other powers or duties of the  
18 commissioner under other laws, including, but not limited to,  
19 Chapter 32, and Section 27-2-33.

20 "(b) The commissioner may adopt reasonable rules  
21 necessary for the implementation of this chapter.

22 "(c) The commissioner may exempt from the  
23 application of this chapter any domestic property and casualty  
24 insurer that meets all of the following criteria:

25 "(1) Writes direct business only in this state.

26 "(2) Writes direct annual premiums of two million  
27 dollars (\$2,000,000) or less.

1           "(3) Assumes no reinsurance in excess of five  
2 percent of direct premium written.

3           "(d) The commissioner may exempt from the  
4 application of this chapter any health organization that meets  
5 all of the following criteria:

6           "(1) Writes direct business only in this state.

7           "(2) Assumes no reinsurance in excess of five  
8 percent of direct premium written.

9           "(3) Meets either of the following criteria:

10          "a. Writes direct annual premiums for comprehensive  
11 medical business of one million dollars (\$1,000,000) or less.

12          "b. Is a limited health services organization that  
13 covers less than 1,000 lives."

14          Section 3. Section 27-2B-14.1 is added to the Code  
15 of Alabama 1975, to read as follows:

16          §27-2B-14.1.

17          For RBC reports required to be filed by health  
18 organizations and fraternal benefit societies with respect to  
19 2015, the following requirements shall apply in lieu of the  
20 provisions of Sections 27-2B-4, 27-2B-5, 27-2B-6, and 27-2B-7:

21          (1) In the event of a company action level event  
22 with respect to a domestic insurer, the commissioner shall  
23 take no regulatory action hereunder.

24          (2) In the event of a regulatory action level event  
25 under subdivisions (1), (2), or (3) of subsection (a) of  
26 Section 27-2B-5, the commissioner shall take the actions  
27 required under Section 27-2B-4.

1           (3) In the event of a regulatory action level event  
2 under subdivisions (4), (5), (6), (7), (8), or (9) of  
3 subsection (a) of Section 27-2B-5, or an authorized control  
4 level event, the commissioner shall take the actions required  
5 under Section 27-2B-5 with respect to the organization or  
6 society.

7           (4) In the event of a mandatory control level event  
8 with respect to an insurer, the commissioner shall take the  
9 actions required under Section 27-2B-6.

10           Section 4. Sections 27-6B-2 and 27-6B-4 of the Code  
11 of Alabama 1975, are amended to read as follows:

12           "§27-6B-2.

13           "As used in this chapter, the following terms shall  
14 have the following meanings, respectively, unless the context  
15 clearly indicates otherwise:

16           "(1) ACCREDITED STATE. A state in which the  
17 Department of Insurance meets the minimum financial  
18 qualifications and regulatory standards promulgated and  
19 established, from time to time, by the National Association of  
20 Insurance Commissioners.

21           "(2) COMMISSIONER. The Commissioner of Insurance.

22           "(3) CONTROL or CONTROLLED. The same as defined in  
23 ~~subsection (3) of Section 27-29-1.~~

24           "(4) CONTROLLED INSURER. A licensed insurer who is  
25 controlled, directly or indirectly, by a producer.

26           "(5) CONTROLLING PRODUCER. A producer who, directly  
27 or indirectly, controls an insurer.

1           "(6) LICENSED INSURER or INSURER. Any person, firm,  
2 association, or corporation duly licensed to transact a  
3 property and casualty insurance business in this state. For  
4 the purposes of this chapter, the following are not licensed  
5 insurers:

6           "~~a. A risk retention group as defined in the~~  
7 ~~Superfund Amendments Reauthorization Act of 1986, Pub. L. No.~~  
8 ~~99-499, 100 Stat. 1613 (1986) and the Risk Retention Act~~  
9 ~~(commencing with Section 3901 of Title 15, U.S.C., 1982 and~~  
10 ~~1986 of Supp. to Title 15, U.S.C.).~~

11           "~~b.a.~~ A residual market pool and a joint  
12 underwriting authority or association.

13           "~~c.b.~~ A captive insurer other than risk retention  
14 groups as defined in 15 U.S.C. Section 3901 et seq. and 42  
15 U.S.C. Section 9671, which, for the purposes of this chapter,  
16 ~~is an insurance company~~ are insurers owned by another  
17 organization whose exclusive purpose is to insure risks of the  
18 parent organization and ~~any affiliated company~~ companies or,  
19 in the case of ~~any group~~ groups and ~~association~~ associations,  
20 ~~an insurance organization~~ organizations owned by the ~~insured~~  
21 insureds whose ~~only~~ exclusive purpose is to insure risks to  
22 ~~any member organization,~~ member organizations and group member  
23 ~~or affiliate of the member~~ members and their affiliates.

24           "(7) PRODUCER. An insurance broker or brokers or any  
25 other person, firm, association, or corporation, when, for any  
26 compensation, commission, or other thing of value, the person,  
27 firm, association, or corporation acts or aids in any manner

1 in soliciting, negotiating, or procuring the making of any  
2 insurance contract on behalf of another insured person, firm,  
3 association, or corporation. The term is not intended to  
4 include an exclusive agent or any independent agent acting on  
5 behalf of the controlled insurer and any subagent or  
6 representative of the agent, who acts in the solicitation of,  
7 negotiation for, or procurement or making of an insurance  
8 contract, if the agent is not also acting in the capacity of  
9 an insurance broker in the transaction in question.

10 "§27-6B-4.

11 "(a) Unless there is a written contract between the  
12 controlling producer and the insurer approved by the board of  
13 directors of the insurer and specifying the responsibilities  
14 of each party, a controlled insurer shall not accept business  
15 from a controlling producer and a controlling producer shall  
16 not place business with a controlled insurer. The contract  
17 between a controlling producer and a controlled insurer shall,  
18 as a minimum, contain all of the following:

19 "(1) A provision that, upon written notice to the  
20 controlling producer, the controlled insurer may terminate the  
21 contract for cause. The controlled insurer shall suspend the  
22 authority of the controlling producer to write business during  
23 any pending dispute regarding the cause for the termination.

24 "(2) A provision requiring the controlling producer  
25 to give a detailed accounting to the controlled insurer on any  
26 material transaction, including information necessary to

1 support all commissions, charges, and other fees received by,  
2 or owing to, the controlling producer.

3 "(3) A provision requiring the controlling producer  
4 to send all funds due, under the terms of the contract, to the  
5 controlled insurer on at least a monthly basis. The contract  
6 shall require the due date to be fixed so that premiums or any  
7 installment collected are remitted no later than ninety days  
8 after the effective date of any policy placed with the  
9 controlled insurer under the contract.

10 "(4) A provision requiring all funds collected for  
11 the account of the controlled insurer to be held by the  
12 controlling producer in a fiduciary capacity, in one or more  
13 appropriately identified bank accounts in a bank that is a  
14 member of the Federal Reserve System, in accordance with any  
15 applicable insurance law. Funds of a controlling producer, not  
16 required to be licensed in this state, shall be maintained in  
17 compliance with the requirements of the domiciliary  
18 jurisdiction of the controlling producer.

19 "(5) A provision requiring the controlling producer  
20 to maintain separate identifiable records of business written  
21 for the controlled insurer.

22 "(6) A provision prohibiting the controlling  
23 producer from assigning the contract in whole or in part.

24 "(7) A provision that the rates and terms of the  
25 commissions, charges, and other fees of the controlling  
26 producer shall be no greater than those applicable to  
27 comparable business placed with the controlled insurer by

1 producers other than controlling producers. For purposes of  
2 this ~~subsection~~ subdivision and ~~subsection (d)~~ subdivision 11,  
3 examples of "comparable business" includes the same lines of  
4 insurance, the same kinds of insurance, the same kinds of  
5 risks, similar policy limits, and similar quality of business.

6 "(8) A provision that if the contract provides that  
7 the controlling producer, on insurance business placed with  
8 the insurer, is to be compensated contingent upon the  
9 insurer's profits on that business, the compensation shall not  
10 be determined and paid until at least five years after the  
11 premiums on liability insurance are earned and at least one  
12 year after the premiums are earned on any other insurance. In  
13 no event may the commissions be paid until the adequacy of the  
14 controlled insurer's reserves on remaining claims has been  
15 independently verified pursuant to ~~the reporting requirements~~  
16 ~~of subsection (f)~~ (e).

17 "(9) A provision specifying a limit on the  
18 controlling producer's writings in relation to the controlled  
19 insurer's surplus and total writing and that the insurer may  
20 establish a different limit for each line or sub-line of  
21 business written by the controlling producer. The controlled  
22 insurer shall notify the controlling producer when the limit  
23 is approached and shall not accept business from the  
24 controlling producer if the applicable limit is reached. The  
25 controlling producer shall not place business with the  
26 controlled insurer if it has been notified by the controlled  
27 insurer that the limit has been reached.

1           "(10) A provision that the controlling producer may  
2 negotiate but ~~may~~ shall not bind reinsurance on behalf of the  
3 controlled insurer on business the controlling producer places  
4 with the controlled insurer, except that the controlling  
5 producer may bind facultative reinsurance contracts pursuant  
6 to obligatory facultative agreements if the contract with the  
7 controlled insurer contains underwriting guidelines including,  
8 for both reinsurance assumed and ceded, a list of reinsurers  
9 with which the automatic agreements are in effect, the  
10 coverages, and amounts, or percentages that may be reinsured,  
11 and commission schedules.

12           "(11) The controlled insurer shall provide the  
13 controlling producer with its underwriting standards, rules,  
14 and procedures, and manuals setting forth the rates to be  
15 charged, and the conditions for the acceptance or rejection of  
16 risks. The controlling producer shall adhere to the standards,  
17 rules, procedures, rates, and conditions. The standards,  
18 rules, procedures, rates, and conditions shall be the same as  
19 those applicable to comparable business placed with the  
20 controlled insurer by a producer other than the controlling  
21 producer.

22           "(b) This section shall apply if, in any calendar  
23 year, the aggregate amount of gross written premium on  
24 business placed with a controlled insurer by a controlling  
25 producer is equal to or greater than five percent of the  
26 admitted assets of the controlled insurer, as reported by the



1 controlled insurer in the quarterly statement filed as of  
2 September 30 of the year immediately preceding.

3 "(c) This section shall not apply if:

4 "(1) The controlling producer:

5 "a. Places insurance only with the controlled  
6 insurer, or only with the controlled insurer and one or more  
7 members of the holding company system of the controlled  
8 insurer, or only with the parent, affiliate, or subsidiary of  
9 the controlled insurer and receives no compensation based upon  
10 the amount of premium written in connection with the  
11 insurance, and

12 "b. Accepts insurance placements only from  
13 non-affiliated subproducers and not directly from insureds,  
14 and

15 "(2) The controlled insurer, except for insurance  
16 business written through a residual market facility such as  
17 the Automobile Assigned Risk Plan, accepts insurance business  
18 only from a controlling producer, a producer controlled by the  
19 controlled insurer, or a producer that is a subsidiary of the  
20 controlled insurer.

21 "~~(e) Each~~ (d) Every controlled insurer shall have an  
22 audit committee of the board of directors composed of  
23 independent directors. The audit committee shall annually meet  
24 with management, the insurer's independent certified public  
25 accountants, and an independent casualty actuary<sup>7</sup> or other  
26 independent loss reserve specialist acceptable to the

1 commissioner to review the adequacy of the insurer's loss  
2 reserves.

3 "~~(f)~~ (e) The controlled insurer shall report the  
4 following:

5 "(1) In addition to any other required loss reserve  
6 certification, the controlled insurer shall annually, on April  
7 1 of each year, file with the commissioner an opinion of an  
8 independent casualty actuary (or other independent loss  
9 reserve specialist acceptable to the commissioner) reporting  
10 loss ratios for each line of business written and attesting to  
11 the adequacy of loss reserves established for losses incurred  
12 and outstanding as of year-end (including incurred but not  
13 reported) on business placed by the producer.

14 "(2) At least annually, the controlled insurer shall  
15 report to the commissioner, the amount of the commissions to  
16 be paid to the producer, the percentage the amount represents  
17 of the net premiums written, and comparable amounts and  
18 percentage paid to noncontrolling producers for placements of  
19 the same kinds of insurance."

20 Section 5. Section 27-31A-3 of the Code of Alabama  
21 1975, is amended to read as follows:

22 "§27-31A-3.

23 "(a) (1) A risk retention group shall, pursuant to  
24 Title 27, be chartered and licensed to write only liability  
25 insurance pursuant to this chapter and, except as provided  
26 elsewhere in this chapter, shall comply with all of the laws,  
27 rules, regulations, and requirements applicable to the

1 insurers chartered and licensed in this state and with Section  
2 27-31A-4, to the extent the requirements are not a limitation  
3 on laws, rules, regulations, or requirements of this state.

4 "(2) Notwithstanding any other provision to the  
5 contrary, all risk retention groups chartered in this state  
6 shall file with the department and the National Association of  
7 Insurance Commissioners (NAIC) an annual statement in a form  
8 prescribed by the NAIC and, if required by the commissioner,  
9 in electronic format. The statement shall be completed in  
10 accordance with its instructions and the NAIC Accounting  
11 Practices and Procedures Manual.

12 "(b) Before it may offer insurance in any state,  
13 each risk retention group shall also submit for approval to  
14 the Commissioner of Insurance a plan of operation or  
15 feasibility study. The risk retention group shall submit an  
16 appropriate revision in the event of any subsequent material  
17 change in any item of the plan of operation or feasibility  
18 study within 10 days of the change. The group shall not offer  
19 any additional kinds of liability insurance, in this state or  
20 in any other state, until a revision of the plan or study is  
21 approved by the commissioner.

22 "(c) At the time of filing its application for  
23 charter, the risk retention group shall provide to the  
24 commissioner in summary form the following information: the  
25 identity of the initial members of the group, the identity of  
26 those individuals who organized the group or who will provide  
27 administrative services, or otherwise influence or control the

1 activities of the group, the amount and nature of initial  
2 capitalization, the coverages to be afforded, and the states  
3 in which the group intends to operate. Upon receipt of this  
4 information, the commissioner shall forward the information to  
5 the National Association of Insurance Commissioners.  
6 Notification to the National Association of Insurance  
7 Commissioners is in addition to and shall not be sufficient to  
8 satisfy the requirements of Section 27-31A-4 or any other  
9 sections of this chapter."

10 Section 6. Section 27-31A-3.1 is added to the Code  
11 of Alabama 1975, to read as follows:

12 §27-31A-3.1.

13 (a) Within a year of the effective date of this act,  
14 existing risk retention groups shall be in compliance with the  
15 governance standards set forth in this section. New risk  
16 retention groups shall be in compliance with these standards  
17 at the time of licensure.

18 (b) The board of directors or board, as used in this  
19 section, means the governing body of the risk retention group  
20 elected by the shareholders or members to establish policy,  
21 elect or appoint officers and committees, and make other  
22 governing decisions. Director, as used in this section, means  
23 a natural person designated in the articles of the risk  
24 retention group, or designated, elected, or appointed by any  
25 other manner, name, or title to act as a member of the board  
26 of directors.

1 (c) (1) The board of directors of the risk retention  
2 group shall have a majority of independent directors. If the  
3 risk retention group is a reciprocal, then the  
4 attorney-in-fact would be required to adhere to the same  
5 standards regarding independence of operation and governance  
6 as imposed on the risk retention group's board of  
7 directors/subscribers advisory committee under these  
8 standards; and, to the extent permissible under state law,  
9 service providers of a reciprocal risk retention group should  
10 contract with the risk retention group and not the  
11 attorney-in-fact.

12 (2) No director qualifies as independent unless the  
13 board of directors affirmatively determines that the director  
14 has no material relationship with the risk retention group.  
15 Each risk retention group shall disclose these determinations  
16 to its domestic regulator, at least annually. For this  
17 purpose, any person that is a direct or indirect owner of or  
18 subscriber in the risk retention group (or is an officer,  
19 director, and/or employee of such an owner and insured, unless  
20 some other position of such officer, director, and/or employee  
21 constitutes a material relationship), as contemplated by  
22 Section 3901(a) (4) (E) (ii) of the Liability Risk Retention Act,  
23 is considered to be independent.

24 (d) Material relationship of a person with the risk  
25 retention group includes, but is not limited to, the  
26 following:

1           (1) The receipt in any one 12-month period of  
2           compensation or payment of any other item of value by such  
3           person, a member of such person's immediate family, or any  
4           business with which such person is affiliated from the risk  
5           retention group or a consultant or service provider to the  
6           risk retention group is greater than or equal to five percent  
7           of the risk retention group's gross written premium for such  
8           12-month period or two percent of its surplus, whichever is  
9           greater, as measured at the end of any fiscal quarter falling  
10          in such a 12-month period. Such person or immediate family  
11          member of such person is not independent until one year after  
12          his or her compensation from the risk retention group falls  
13          below the threshold.

14           (2) A relationship with an auditor as follows: A  
15          director or an immediate family member of a director who is  
16          affiliated with or employed in a professional capacity by a  
17          present or former internal or external auditor of the risk  
18          retention group is not independent until one year after the  
19          end of the affiliation, employment, or auditing relationship.

20           (3) A relationship with a related entity as follows:  
21          A director or immediate family member of a director who is  
22          employed as an executive officer of another company where any  
23          of the risk retention group's present executives serve on that  
24          other company's board of directors is not independent until  
25          one year after the end of such service or the employment  
26          relationship.

1 (e) (1) The term of any material service provider  
2 contract with the risk retention group shall not exceed five  
3 years. Any such contract, or its renewal, shall require the  
4 approval of the majority of the risk retention group's  
5 independent directors. The risk retention group's board of  
6 directors shall have the right to terminate any service  
7 provider, audit, or actuarial contracts at any time for cause  
8 after providing adequate notice as defined in the contract.  
9 The service provider contract is deemed material if the amount  
10 to be paid for such contract is greater than or equal to five  
11 percent of the risk retention group's annual gross written  
12 premium or two percent of its surplus, whichever is greater.

13 (2) For purposes of this standard, service providers  
14 shall include captive managers, auditors, accountants,  
15 actuaries, investment advisors, lawyers, managing general  
16 underwriters, or other party responsible for underwriting,  
17 determination of rates, collection of premium, adjusting and  
18 settling claims, and/or the preparation of financial  
19 statements. Any reference to lawyers in the prior sentences  
20 does not include defense counsel retained by the risk  
21 retention group to defend claims, unless the amount of fees  
22 paid to such lawyers are material as referenced in subsection  
23 (d).

24 (3) No service provider contract meeting the  
25 definition of material relationship contained in subsection  
26 (d) shall be entered into unless the risk retention group has  
27 notified the commissioner in writing of its intention to enter

1 into such transaction at least 30 days prior thereto and the  
2 commissioner has not disapproved it within such period.

3 (f) The risk retention group's board of directors  
4 shall adopt a written policy in the plan of operation as  
5 approved by the board that requires the board to do all of the  
6 following:

7 (1) Assure that all owner/insureds of the risk  
8 retention group receive evidence of ownership interest.

9 (2) Develop a set of governance standards applicable  
10 to the risk retention group.

11 (3) Oversee the evaluation of the risk retention  
12 group's management including, but not limited to, the  
13 performance of the captive manager, managing general  
14 underwriter, or other party or parties responsible for  
15 underwriting, determination of rates, collection of premium,  
16 adjusting or settling claims, or the preparation of financial  
17 statements.

18 (4) Review and approve the amount to be paid for all  
19 material service providers.

20 (5) Review and approve, at least annually, all of  
21 the following:

22 a. Risk retention group's goals and objectives  
23 relevant to the compensation of officers and service  
24 providers.

25 b. The officers' and service providers' performance  
26 in light of those goals and objectives.



1           c. The continued engagement of the officers and  
2 material service providers.

3           (g) The risk retention group shall have an audit  
4 committee composed of at least three independent board members  
5 as defined in Section 27-31A-2. A non-independent board  
6 member may participate in the activities of the audit  
7 committee, if invited by the members, but cannot be a member  
8 of the committee.

9           (h) The audit committee shall have a written charter  
10 that defines the committee's purpose, which, at a minimum,  
11 must be to do all of the following:

12           (1) Assist in board oversight of the integrity of  
13 the financial statements, the compliance with legal and  
14 regulatory requirements, and the qualifications, independence,  
15 and performance of the independent auditor and actuary.

16           (2) Discuss the annual audited financial statements  
17 and quarterly financial statements with management.

18           (3) Discuss the annual audited financial statements  
19 with its independent auditor and, if advisable, discuss the  
20 quarterly financial statements with its independent auditor.

21           (4) Discuss policies with respect to risk assessment  
22 and risk management.

23           (5) Meet separately and periodically, either  
24 directly or through a designated representative of the  
25 committee, with management and independent auditors.

26           (6) Review with the independent auditor any audit  
27 problems or difficulties and management's response.

1           (7) Set clear hiring policies of the risk retention  
2 group as to the hiring of employees or former employees of the  
3 independent auditor.

4           (8) Require the external auditor to rotate the lead  
5 or coordinating audit partner having primary responsibility  
6 for the risk retention group's audit as well as the audit  
7 partner responsible for reviewing that audit so that neither  
8 individual performs audit services for more than five  
9 consecutive fiscal years.

10          (9) Report regularly to the board of directors.

11          (i) The domestic regulator may waive the requirement  
12 to establish an audit committee composed of independent board  
13 members if the risk retention group is able to demonstrate to  
14 the domestic regulator that it is impracticable to do so and  
15 the risk retention group's board of directors itself is  
16 otherwise able to accomplish the purposes of an audit  
17 committee, as described in subsection (h).

18          (j) The board of directors shall adopt and disclose  
19 governance standards, where disclose means making such  
20 information available through electronic (e.g., posting such  
21 information on the risk retention group's website) or other  
22 means, and providing such information to members/insureds upon  
23 request, which shall include all of the following:

24           (1) A process by which the directors are elected by  
25 the owner/insureds.

26           (2) Director qualification standards.

27           (3) Director responsibilities.

1           (4) Director access to management and, as necessary  
2 and appropriate, independent advisors.

3           (5) Director compensation.

4           (6) Director orientation and continuing education.

5           (7) The policies and procedures that are followed  
6 for management succession.

7           (8) The policies and procedures that are followed  
8 for annual performance evaluation of the board.

9           (k) The board of directors shall adopt and disclose  
10 a code of business conduct and ethics for directors, officers,  
11 and employees and promptly disclose to the board of directors  
12 any waivers of the code for directors or executive officers,  
13 which should include all of the following topics:

14           (1) Conflicts of interest.

15           (2) Matters covered under the corporate  
16 opportunities doctrine under the state of domicile.

17           (3) Confidentiality.

18           (4) Fair dealing.

19           (5) Protection and proper use of risk retention  
20 group assets.

21           (6) Compliance with all applicable laws, rules, and  
22 regulations.

23           (7) Requiring the reporting of any illegal or  
24 unethical behavior which affects the operation of the risk  
25 retention group.

26           (1) The captive manager, president, or chief  
27 executive officer of the risk retention group shall promptly

1 notify the domestic regulator in writing if either of them  
2 becomes aware of any material non-compliance with any of these  
3 governance standards.

4 Section 7. Sections 10A-20-6.16, and 27-21A-23, and  
5 Section 22-21-374, Code of Alabama 1975, are amended to read  
6 as follows:

7 "§10A-20-6.16.

8 "(a) No statute of this state applying to insurance  
9 companies shall be applicable to any corporation organized  
10 under this article and amendments thereto or to any contract  
11 made by the corporation ~~unless expressly mentioned in this~~  
12 ~~article and made applicable; except as follows~~ the corporation  
13 shall be subject to all of the following:

14 "(1) ~~The corporation shall be subject to the~~  
15 provisions regarding annual premium tax to be paid by insurers  
16 on insurance premiums.

17 "(2) ~~The corporation shall be subject to the~~  
18 ~~provisions of~~ Chapter 55~~7~~ of Title 27, regarding the  
19 prohibition of unfair discriminatory acts by insurers on the  
20 basis of an applicant's or insured's abuse status.

21 "(3) ~~The corporation shall be subject to the~~  
22 ~~provisions regarding~~ Medicare Supplement Minimum Standards set  
23 forth in Article 2 of Chapter 19 of Title 27, and Long-Term  
24 Care Insurance Policy Minimum Standards set forth in Article 3  
25 of Chapter 19 of Title 27.

1           ~~"(4) The corporation shall be subject to~~ Section  
2 27-1-17, requiring insurers and health plans to pay health  
3 care providers in a timely manner.

4           ~~"(5) The corporation shall be subject to the~~  
5 ~~provisions of~~ Chapter 56 of Title 27, regarding the Access to  
6 Eye Care Act.

7           ~~"(6) The corporation shall be subject to the~~  
8 ~~regulations~~ Rules promulgated by the Commissioner of Insurance  
9 pursuant to Sections 27-7-43 and 27-7-44.

10          ~~"(7) The corporation shall be subject to the~~  
11 ~~provisions of~~ Chapter 54 of Title 27.

12          ~~"(8) The corporation shall be subject to the~~  
13 ~~provisions of~~ Chapter 57 of Title 27, requiring coverage to be  
14 offered for the payment of colorectal cancer examinations for  
15 covered persons who are 50 years of age or older, or for  
16 covered persons who are less than 50 years of age and at high  
17 risk for colorectal cancer according to current American  
18 Cancer Society colorectal cancer screening guidelines.

19          ~~"(9) The corporation shall be subject to~~ Chapter 58  
20 of Title 27, requiring that policies and contracts including  
21 coverage for prostate cancer early detection be offered,  
22 together with identification of associated costs.

23          ~~"(10) The corporation shall be subject to~~ Chapter 59  
24 of Title 27, requiring that policies and contracts including  
25 coverage for chiropractic be offered, together with  
26 identification of associated costs.

1           "~~(11) The corporation shall be subject to Chapter~~  
2 54A of Title 27, requiring that policies and contracts to  
3 offer coverage for certain treatment for Autism Spectrum  
4 Disorder under certain conditions.

5           "~~(12) The corporation shall be subject to Chapter~~  
6 12A of Title 27.

7           "(13) Chapter 2B of Title 27.

8           "(b) The provisions in subsection (a) that require  
9 specific types of coverage to be offered or provided shall not  
10 apply when the corporation is administering a self-funded  
11 benefit plan or similar plan, fund, or program that it does  
12 not insure.

13           "~~§22-21-374~~

14           "(a) A dental service corporation will pay the  
15 prescribed fees and taxes required of a disability insurer.

16           "(b) The following provisions of the insurance laws  
17 of this state apply to dental service corporations authorized  
18 by this article, to the extent that they are not inconsistent  
19 with the provisions herein:

20           "~~(1) Title 27, Chapters 1 and 2, Administration and~~  
21 General Provisions~~7.~~

22           "(2) Title 27, Chapter 2B, Risk-Based Capital for  
23 Insurers.

24           "~~(2)(3) Title 27, Chapter 4, Fees and Taxes7.~~

25           "~~(3)(4) Title 27, Chapter 6, Administration of~~  
26 Deposits~~7.~~

1                   "~~(4)~~(5) Title 27, Chapter 12, Unfair Trade  
2 Practices~~7~~.

3                   "~~(5)~~(6) Title 27, Chapter 32, Insurer Insolvency;  
4 Rehabilitation and Liquidation.

5                   "(c) The commissioner may by rule modify or waive  
6 any requirements referred to in subsection (b) for dental  
7 service corporations if that is necessary to avoid  
8 unreasonable hardship, expense, or inconvenience and if the  
9 interests of subscribers continue to be adequately protected.

10                   "§27-21A-23.

11                   "(a) Except as otherwise provided in this chapter,  
12 provisions of the insurance law and provisions of health care  
13 service plan laws shall not be applicable to any health  
14 maintenance organization granted a certificate of authority  
15 under this chapter. This provision shall not apply to an  
16 insurer or health care service plan licensed and regulated  
17 pursuant to the insurance law or the health care service plan  
18 laws of this state except with respect to its health  
19 maintenance organization activities authorized and regulated  
20 pursuant to this chapter.

21                   "(b) Solicitation of enrollees by a health  
22 maintenance organization granted a certificate of authority  
23 shall not be construed to violate any provision of law  
24 relating to solicitation or advertising by health  
25 professionals.

26                   "(c) Any health maintenance organization authorized  
27 under this chapter shall not be deemed to be practicing

1 medicine and shall be exempt from the provisions of Section  
2 34-24-310, et seq., relating to the practice of medicine.

3 "(d) No person participating in the arrangements of  
4 a health maintenance organization other than the actual  
5 provider of health care services or supplies directly to  
6 enrollees and their families shall be liable for negligence,  
7 misfeasance, nonfeasance, or malpractice in connection with  
8 the furnishing of such services and supplies.

9 "(e) Nothing in this chapter shall be construed in  
10 any way to repeal or conflict with any provision of the  
11 certificate of need law.

12 "(f) Notwithstanding the provisions of subsection  
13 (a), a health maintenance organization shall be subject to all  
14 of the following:

15 "(1) Section 27-1-17.

16 "(2) ~~(g) Notwithstanding the provisions of subsection~~  
17 ~~(a), a health maintenance organization shall be subject to the~~  
18 ~~provisions of Chapter 56 of this title, regarding the Access~~  
19 ~~to Eye Care Act.~~

20 "(3) ~~(h) Notwithstanding the provisions of subsection~~  
21 ~~(a), a health maintenance organization shall be subject to the~~  
22 ~~provisions of Chapter 54 of this title.~~

23 "(4) ~~(i) Notwithstanding the provisions of subsection~~  
24 ~~(a), a health maintenance organization shall be subject to the~~  
25 ~~provisions of Chapter 57 of this title, requiring coverage to~~  
26 ~~be offered for the payment of colorectal cancer examinations~~  
27 ~~for covered persons who are 50 years of age or older, or for~~



1 covered persons who are less than 50 years of age and at high  
2 risk for colorectal cancer according to current American  
3 Cancer Society colorectal cancer screening guidelines.

4 "~~(5) (j) Notwithstanding the provisions of subsection~~  
5 ~~(a), a health maintenance organization shall be subject to~~  
6 ~~Chapter 58 of Title 27,~~ requiring that policies and contracts  
7 including coverage for prostate cancer early detection be  
8 offered, together with identification of associated costs.

9 "~~(6) (k) Notwithstanding the provisions of subsection~~  
10 ~~(a), a health maintenance organization shall be subject to~~  
11 ~~Chapter 59 of this title,~~ requiring that policies and  
12 contracts including coverage for chiropractic be offered,  
13 together with identification of associated costs.

14 "~~(7) (l) Notwithstanding the provisions of subsection~~  
15 ~~(a), a health maintenance organization shall be subject to~~  
16 ~~regulations~~ Rules promulgated by the Commissioner of Insurance  
17 pursuant to Sections 27-7-43 and 27-7-44.

18 "~~(8) (m) Notwithstanding the provisions of subsection~~  
19 ~~(a), a health maintenance organization shall be subject to~~  
20 Chapter 12A.

21 "~~(9) (n) Notwithstanding the provisions of subsection~~  
22 ~~(a), a health maintenance organization shall be subject to~~  
23 ~~Chapter 54A, of this title~~ requiring policies and contracts to  
24 offer coverage for certain treatment for Autism Spectrum  
25 Disorder under certain conditions.

26 "(10) Chapter 2B, regarding risk-based capital."

1                   Section 8. This act shall become effective on the  
2           first day of January next following its passage and approval  
3           by the Governor, or its otherwise becoming law.