

1 HB35  
2 157910-1  
3 By Representative Hill (M)  
4 RFD: Insurance  
5 First Read: 03-MAR-15  
6 PFD: 02/18/2015

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8 SYNOPSIS: Under existing law, all surety insurers are  
9 required to post an unearned premium reserve in the  
10 same manner as property and general casualty  
11 insurers.

12 This bill would provide a specific unearned  
13 premium reserve for bail bond surety insurers as an  
14 alternative to the general requirements for other  
15 surety insurers.

16  
17 A BILL  
18 TO BE ENTITLED  
19 AN ACT

20  
21 Relating to insurance; to provide for the unearned  
22 premium reserve for bail bond surety insurers; and for this  
23 purpose to add Section 27-36-3.1 to the Code of Alabama 1975.

24 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

25 Section 1. Section 27-36-3.1 is added to the Code of  
26 Alabama 1975, to read as follows:

27 §27-36-3.1.

1           In lieu of the unearned premium reserve required in  
2 Section 27-36-3, the Commissioner of Insurance may require any  
3 surety insurer or limited insurer to set up and maintain a  
4 reserve on all bail bonds or other single-premium bonds  
5 without a definite expiration date, furnished in judicial  
6 proceedings, equal to the lesser of 35 percent of the bail  
7 premiums in force or seven dollars (\$7) per one thousand  
8 dollars (\$1,000) of bail liability. This reserve shall be  
9 reported as a liability in financial statements required to be  
10 filed with the commissioner. Each insurer shall file a  
11 supplementary schedule showing bail premiums in force and bail  
12 liability and the associated special reserve for bail and  
13 judicial bonds with financial statements required by Section  
14 27-3-26. Bail premiums in force do not include amounts  
15 retained by licensed bail bond agents or licensed managing  
16 general agents, but may not be less than 6.5 percent of the  
17 total consideration received for all bail bonds in force.

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