

TRANSMITTAL SHEET FOR  
NOTICE OF INTENDED ACTION

Control 482 Department or Agency Department of Insurance\*

Rule No. Rule 482-1-138-.03

Rule Title: Annual Reporting Requirements.

New  Amend  Repeal  Adopt by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? N/A\*

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? N/A\*

Is there another, less restrictive method of regulation available that could adequately protect the public? N/A\*

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? N/A\*

Is the increase in costs, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? N/A\*

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? N/A\*

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Does the proposed rule have an economic impact? N/A\*

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

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Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Sections 27-2-17 and 27-7-43, Code of Alabama 1975, and that it complies with all applicable filing requirements of the Alabama Insurance Code.\*

Signature of certifying officer Jim L. Kidling  
Jim L. Kidling  
Commissioner of Insurance

Date: May 20, 2016

\*Note: *The Alabama Department of Insurance is exempt from the Alabama Administrative Procedures Act pursuant to Section 41-22-2(e), Code of Alabama 1975.*

Alabama Department of Insurance

**NOTICE OF INTENDED ACTION**

**AGENCY NAME:** Alabama Department of Insurance

**RULE NO. & TITLE:** Rule 482-1-138-.03: Annual Reporting Requirements.

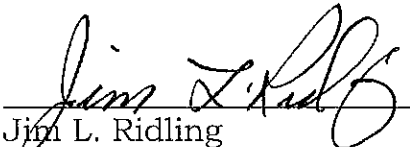
**INTENDED ACTION:** Amend rule.

**SUBSTANCE OF PROPOSED ACTION:** The Commissioner of Insurance is proposing to amend the regulation which sets the annual reporting requirements for captive insurance companies. The amendment requires a captive risk retention group to submit a report of financial condition on the same basis as a casualty insurer. The amendment will become effective July 31, 2016.

**TIME, PLACE, MANNER OF PRESENTING VIEWS:** Interested persons may submit data, views, or arguments in writing at any time prior to July 14, 2016, to the Alabama Department of Insurance, Attention: Legal Division, Post Office Box 303351, Montgomery, Alabama 36130-3351, or orally by appearing at the public hearing, Suite 502, RSA Tower, 201 Monroe Street, Montgomery, Alabama, beginning at 10:00 AM, on July 21, 2016.

**FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE:**  
July 14, 2016

**CONTACT PERSON AT AGENCY:** Reyn Norman  
General Counsel

  
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Jim L. Ridling  
Commissioner of Insurance

1 482-1-138-.03 Annual Reporting Requirements.

2 (1) An association captive insurance company doing  
3 business in this state shall annually submit to the  
4 commissioner a report of its financial condition, verified by  
5 oath of two of its executive officers. The report shall be  
6 that required by Section 27-31B-9 Code of Alabama, 1975.

7 (2) A pure or industrial insured captive insurance  
8 company doing business in this state shall annually submit to  
9 the commissioner a report of its financial condition, verified  
10 by oath of two of its executive officers. The report shall be  
11 that prescribed by the commissioner as "Captive Annual  
12 Statement: Pure or Industrial Insured".

13 (3) Association and industrial insured captives having  
14 direct premiums written of less than \$1,200,000 in any  
15 calendar year and less than 1,000 policyholders or certificate  
16 holders at the end of the calendar year or assumed premiums  
17 pursuant to contracts and/or treaties of reinsurance of  
18 \$1,200,000 or less may make written application to the  
19 Commissioner seeking approval for the use of an alternative  
20 financial reporting format other than that specified in  
21 Section 27-3-26 Code of Alabama 1975 and Ala. Admin. Code 482-  
22 1-097. Any association or industrial insured captive

1 utilizing the Federal Liability Risk Retention Act to write or  
2 reinsure business either directly or indirectly outside the  
3 State of Alabama shall not be granted approval for the use of  
4 an alternative reporting format.

5 (4) A captive risk retention group doing business in this  
6 state shall submit to the commissioner a report of its  
7 financial condition, verified by oath of two of its executive  
8 officers, on the same basis as a casualty insurer organized  
9 and licensed in this state and in accordance with 482-1-097-  
10 .04 and 482-1-097-.05.

11 **Author:** Commissioner of Insurance  
12 **Statutory Authority:** Code of Alabama 1975, §§ 27-2-17, 27-7-  
13 43 & 27-31B-17  
14 **History:** New August 1, 2006, Effective August 11, 2006;  
15 Revised: August 11, 2009; Effective August 24, 2009; Revised  
16 \_\_\_\_\_, 2016, Effective \_\_\_\_\_, 2016