

**ALABAMA DEPARTMENT OF INSURANCE
INSURANCE REGULATION**

CHAPTER 482-1-043

MORTGAGE GUARANTY INSURANCE

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482-1-043-.01 Authority. This chapter is promulgated by the Commissioner of Insurance pursuant to Section 27-2-17, Code of Alabama 1975.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.02 Purpose. The purpose of this chapter is to govern the writing of mortgage guaranty insurance in this State.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.03 Definition. Mortgage guaranty insurance is insurance for the protection of mortgage lenders against loss by reason of non-payment of mortgage indebtedness by the borrower. This class of insurance may be transacted by an insurer holding a subsisting Certificate of Authority for the transaction of casualty insurance as defined in this Section 27-5-6, Code of Alabama 1975. Pursuant to Section 27-3-26, Code of Alabama 1975, all companies holding a subsisting Certificate of Authority shall annually on or before March 1 file with the Commissioner a statement of its financial condition, transactions and affairs as of the December 31 preceding. Said statement shall be the National Association of Insurance Commissioners Annual Statement Blank as adopted pursuant to Chapter 482-1-097 of the Alabama Administrative Code. Mortgage guaranty insurance of the company shall be recorded and reported therein in accordance with the provisions of the National Association of Insurance Commissioners Statements of Statutory Accounting Principles No. 58.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.04 Limitations. In addition to laws or regulations otherwise applicable, mortgage guaranty insurers shall be subject to the following limitations:

(a) No insurer shall retain risk as to any one subject of insurance in any amount exceeding ten (10) percent of its surplus as to regards policyholders. In determining the amount of risk retained, applicable reinsurance in any assuming insurer authorized in this

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State via a subsisting Certificate of Authority or approved by the Commissioner shall pursuant to Section 27-5-12, Code of Alabama 1975, may be deducted from the total direct risk insured.

(b) The real estate loan secured by a mortgage deed of trust or other instrument constituting a first lien or charge on real estate is one which a bank, savings and loan association, mortgage company, or an insurance company is authorized to make.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.05 Contingency Reserve. In addition to the customary unearned premium reserve required of casualty insurers pursuant to Section 27-36-3, Code of Alabama 1975, each mortgage guaranty insurer shall establish a contingency reserve which shall be maintained for ten (10) years for the purpose of protecting against the effect of adverse economic cycles in accordance with Statutory Accounting Principle No. 58 adopted pursuant to Alabama Insurance Regulation, Chapter 482-1-097.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.06 Rates. Mortgage guaranty insurance shall be subject to the rate filing requirements of Section 27-13-1, et seq., Code of Alabama 1975.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.07 Forms. All policy forms and endorsements shall be filed with and be subject to the approval of the Commissioner pursuant to Section 27-14-8 Code of Alabama 1975. With respect to owner-occupied single family dwellings, the mortgage insurance policy shall provide that the borrower shall not be liable to the insurance company for any deficiency arising from a foreclosure sale.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

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482-1-043-.08 Producers. Producers of mortgage guaranty insurers shall be licensed, pursuant to Section 27-7-1 et seq., Code of Alabama 1975, and be subject to the same qualifications and requirements as apply to producers of general casualty insurance.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.09. Severability. If a court holds any paragraph or portion of a paragraph of this chapter or the applicability thereof to any person or circumstance invalid, the remainder of the chapter shall not be affected thereby.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008

482-1-043-.10. Effective Date. This chapter shall become effective January 1, 2008, upon its approval by the Commissioner of Insurance and upon its having been on file as a public document in the office of the Secretary of State for ten (10) days.

Author: Commissioner of Insurance

Statutory Authority: Code of Alabama 1975, § 27-2-17

History: New January 12, 1976, effective January 22, 1976; Revised December 19, 2007; effective January 1, 2008