

ACT #2021 - 397

1 SB136  
2 209529-2  
3 By Senator Shelnutt  
4 RFD: Banking and Insurance  
5 First Read: 02-FEB-21



1 SB136

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4 ENROLLED, An Act,

5 Relating to insurance; to amend Section 27-36A-20 of

6 the Code of Alabama 1975, the Standard Valuation Law, which

7 requires the Commissioner of Insurance to annually value the

8 reserves for outstanding life insurance policies and other

9 contracts of life insurance companies doing business in this

10 state; and to revise the small company alternative valuation.

11 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

12 Section 1. Section 27-36A-20 of the Code of Alabama

13 1975, is amended to read as follows:

14 "§27-36A-20.

15 "(a) A company calculating reserves under this

16 section shall calculate reserves for ordinary life insurance,

17 accident and health insurance contracts, credit life

18 contracts, group life contracts, annuities, or deposit-type

19 contracts in this state as if the policies were issued before

20 the operative date of the valuation manual. For such policies

21 issued after the operative date of the valuation manual, any

22 mortality and interest rates defined by the valuation manual

23 for net premium reserves shall be used. A company calculating

24 reserves under this section shall comply with Section

1 27-36A-4(a) instead of Section 27-36A-4(b) and meet all of the  
2 following conditions:

3 "(1) The company has less than three hundred million  
4 dollars (\$300,000,000) of ordinary life premium.

5 "(2) If the company is a member of a group of life  
6 insurers, the group has combined ordinary life premium of less  
7 than six hundred million dollars (\$600,000,000).

8 ~~"(3) The company reported total adjusted capital of  
9 at least 450 percent of authorized control level risk capital  
10 in the risk-based capital report for the prior calendar year.~~

11 ~~"(4) The appointed actuary has provided an  
12 unqualified opinion on the reserves in accordance with Section  
13 27-36A-4 for the prior calendar year.~~

14 ~~"(5) (3) The company has provided a certification by  
15 a qualified actuary that any A universal life policy with a  
16 secondary guarantee issued after the operative date of the  
17 valuation manual meets the definition of a non-material  
18 secondary guarantee universal life product as defined in the  
19 valuation manual.~~

20 (b) Each exemption or lack of exemption pursuant to  
21 this section applies to policies issued or assumed in the  
22 current year and to all future valuation dates for those  
23 policies.

24 ~~"(b) (c)~~ For purposes of subdivisions (1) and (2) of  
25 subsection (a), ordinary life premium is measured as direct

1 premium plus reinsurance assumed from an unaffiliated company,  
2 as reported in the prior calendar year annual statement.

3 "~~(c)~~ (d) An Alabama-domiciled company intending to  
4 calculate reserves as described in this section must file a  
5 statement with the commissioner prior to July 1 of each year  
6 certifying that these conditions are met for the current  
7 calendar year based on premiums and other values from the  
8 prior financial statements. The commissioner may reject the  
9 statement prior to September 1 if the commissioner  
10 specifically identifies risk in the affected policies that  
11 requires a principle-based valuation and require the company  
12 to comply with the valuation manual requirements.

13 "~~(d)~~ (e) A company that reports reserves using the  
14 alternative valuation shall also be exempt from the  
15 principle-based reserves corporate governance requirements,  
16 certification of effectiveness of principle-based reserves  
17 internal controls, and a principle-based reserves valuation  
18 report."

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

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President and Presiding Officer of the Senate



Speaker of the House of Representatives

SB136

Senate 25-FEB-21

I hereby certify that the within Act originated in and passed the Senate.

Patrick Harris,  
Secretary.

House of Representatives  
Passed: 29-APR-21

By: Senator Shelnut

APPROVED 5-13-2021  
TIME 8:45 Am

  
GOVERNOR

Alabama Secretary Of State

Act Num.....: 2021-397  
Bill Num....: S-136

Recv'd 05/13/21 11:10amSLF

Project No. 2015287-1  
Profile Date \_\_\_\_\_

FOR  
[Signature]  
SPONSORS

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SENATE ACTION

DATE: 2-2 2021  
RD 1 RFD B + I

I hereby certify that the notice & proof is attached to the Bill, SB \_\_\_\_\_ as required in the General Acts of Alabama, 1975 Act No. 919.  
**PATRICK HARRIS,**  
Secretary

This Bill was referred to the Standing Committee of the Senate on \_\_\_\_\_  
and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report  
w/amd(s) 14 w/sub \_\_\_\_\_ w/eng sub \_\_\_\_\_  
yeas 10 nays 0 abstain \_\_\_\_\_  
this 10th day of FEBRUARY 2021  
[Signature], Chairperson

DATE: 2-10 2021  
RF FAV RD 2 CAL

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, SB 136  
yeas 31 nays 0 abstain 0  
**PATRICK HARRIS,**  
Secretary

DATE: 2-25-21 RD 3 at length  
PASSED  PASSED AS AMENDED

HOUSE ACTION

DATE: 2-25 2021  
RD 1 RFD INSURANCE

**REPORT OF STANDING COMMITTEE**  
This bill having been referred by the House to its standing committee on INSURANCE  
was acted upon by such Committee in session, and returned therefrom to the House with the recommendation that it be Passed,  
w/amd(s) \_\_\_\_\_ w/sub \_\_\_\_\_  
this 10th day of MARCH, 2021  
Kerry Rich, Chairperson

DATE: 3-11 2021  
RF \_\_\_\_\_ RD 2 CAL

DATE: \_\_\_\_\_ 20\_\_\_\_  
RE-REFERRED  RE-COMMITTED   
COMMITTEE \_\_\_\_\_

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is