

ALABAMA DEPARTMENT OF INSURANCE  
ADMINISTRATIVE CODECHAPTER 482-1-097  
NAIC ACCOUNTING PRACTICES AND PROCEDURES  
AND INSURER REPORTING REQUIREMENTS

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**482-1-097-.01 Authority.** This chapter is promulgated by the Commissioner of Insurance pursuant to Section 27-2-17, and the Uniform Electronic Transactions Act, Sections 8-1A-1 et seq., Code of Ala. 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**482-1-097-.02 Purpose.** The purposes of this chapter are to establish uniform requirements for manual and electronic reporting of annual and quarterly statement information for all authorized insurers and to adopt financial and market conduct examination standards.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**482-1-097-.03 Scope.** This chapter applies to all authorized insurers, as defined in Section 27-1-2, Code of Ala. 1975, including those insurers required to file an annual statement in accordance with Section 27-3-26, Code of Ala. 1975, as well as health care service plans, health maintenance organizations, mutual aid associations, reciprocal insurers, and fraternal benefit societies, required to file an annual statement in accordance with Section 10-4-113, 27-21A-8, 27-30-22, 27-31-16, and 27-34-36, respectively.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§ 27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43.

**482-1-097-.04 Accounting Practices And Procedures.** When submitting required financial reports to the Department, all insurers shall use the appropriate NAIC Annual Statement Blank. Annual and quarterly statements, including market conduct statements, shall be prepared in accordance with the NAIC's Annual Statement Instructions, the NAIC's Accounting Practices and Procedures Manual, and Market Conduct Annual Statement Instructions from the NAIC as the same apply to property and casualty insurance companies, life and accident and health insurance companies, hospital medical indemnity companies, title insurance companies, fraternal benefit societies, and health maintenance organizations, and as the same may be updated by the NAIC from time to time, except when in conflict with Alabama statutes or other Alabama Insurance Department Regulations. Copies of the manuals are available for purchase from the NAIC, and are available for inspection during regular business hours

at the offices of the Examiners Division of the Alabama Department of Insurance.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

#### **482-1-097-.05    Annual And Quarterly Reporting Requirements.**

(1) Each authorized foreign insurer shall electronically file with the National Association of Insurance Commissioners (NAIC) on an annual basis on or before March 1 a financial statement containing a full and true statement of its financial condition, market conduct transactions, and affairs covering the preceding calendar year in accordance with this chapter, and such electronic filing, when made, shall constitute the filing with the Commissioner required under Section 27-3-26(a), Code of Ala. 1975. For purposes of this chapter, "electronically file" and "electronic filing" mean a filing by Internet upload to the NAIC or by delivery of electronic media (diskette or CD) containing the required information to the NAIC. Insurers are responsible for taking all steps necessary to proper and timely completion of electronic filing through the NAIC. Each foreign insurer electronically filing with the NAIC shall file with the Department an original signed and notarized copy of its annual financial statement jurat page. The Department will not otherwise accept annual financial statement filings in paper format from foreign insurers.

(2) Each authorized Alabama-domiciled insurer shall file in paper format with the Department on an annual basis on or before March 1 a financial statement containing a full and true statement of its financial condition, market conduct transactions, and affairs covering the preceding calendar year. At the time of filing with the Department, each Alabama-domiciled insurer shall electronically file a copy of its annual financial statement with the NAIC.

(3) At the time of its annual statement filing (whether electronically or manually), each insurer shall remit

to the Department or its authorized depository institution (or, if implemented and permitted by the Department, through an electronic funds transaction) the advance fees and charges required under Section 27-4-2, Code of Al. 1975, and the latest audit and examination fee bulletin.

(4) Quarterly financial statements of foreign insurers, if required by the Department, must be electronically filed with the NAIC within the timeframe prescribed for Alabama-domiciled insurers. The Department will not accept quarterly financial statement filings in paper format from foreign insurers. Alabama-domiciled insurers shall file in paper format with the Department quarterly financial statements covering the periods ending on March 31, June 30, and September 30 within 45 calendar days after each such date. At the time of filing with the Department, each Alabama-domiciled insurer shall electronically file a copy of the quarterly financial statement with the NAIC.

(5) Risk-based capital (RBC) reports of foreign insurers must be electronically filed with the NAIC and the Department will not accept such reports in paper format unless the Department directs that the reports be submitted in paper format. RBC reports of Alabama-domiciled insurers must be filed in paper format with the Department on or before March 1 covering the preceding calendar year. At the time of filing with the Department, each Alabama-domiciled insurer shall electronically file a copy of its RBC report with the NAIC.

(6) The Commissioner may grant an extension of time, not to exceed thirty (30) days, for filing a required financial statement or report if there exist conditions beyond the control of the authorized insurer, such as rehabilitation pursuant to Chapter 32 of the Alabama Insurance Code, or the laws of the state of domicile; severe damage to the insurer's physical premises by a natural or man-made disaster; or some other reason of similar gravity and severity.

(7) For purposes of this chapter, to the extent a statement or report must be filed in paper format with the Department, the statement or report shall be postmarked by the United States Postal Service or by any commercial mail or parcel delivery service on or before the applicable date specified in this chapter. The date stamp affixed by the Department to the face page of the statement or report shall serve as evidence of the timeliness of the statement. No statement or report will be accepted through facsimile transmission or by hand delivery. In

the case of electronic filing, timeliness of the filing will be determined by the filing date as shown by the records of the NAIC.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Revised:** Filed December 19, 2007; effective January 1, 2008. Filed with LRS December 19, 2007. Rule is not subject to the Alabama Administrative Procedure Act. **Amended:** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**482-1-097-.06 NAIC Financial Examiners And Market Conduct Handbook Adopted.**

The NAIC Financial Examiners Handbook, as it may be updated and amended from time to time so long as the examination methodology remains substantially consistent, is hereby adopted and incorporated by reference. Financial examinations by the Department shall be performed in substantial conformity with the methodology outlined in the Handbook, so long as that methodology is consistent with statutory accounting principles and the Alabama Insurance Code. The NAIC Market Conduct Handbook, as it may be updated and amended from time to time so long as the examination methodology remains substantially consistent, is hereby adopted and incorporated by reference. A copy of the Handbook may be obtained from the NAIC. A copy of the Handbook may be inspected during regular business hours at the offices of the Alabama Department of Insurance, Financial Examiners Division.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Revised:** April 27, 2007; effective May 7, 2007. Filed with LRS April 27, 2007. Rule is not subject to the Alabama Administrative Procedure Act.

**Amended (Rule Number Only):** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**Ed. Note:** Rule 482-1-097-.06, Manual And Automated Reporting, was repealed and previous rule .07 was renumbered to .06 as per certification filed November 12, 2008.

**482-1-097-.07 Exemptions.** Upon written application of any insurer, the Commissioner may grant an exemption from compliance with the electronic filing requirements of this chapter if the Commissioner finds, upon review of the application, that compliance with this chapter would constitute a financial or organizational hardship upon the insurer. An exemption may be granted at any time and from time to time for a specified period or periods. Within ten (10) days from a denial of an insurer's written request for an exemption from this chapter, such insurer may request in writing a hearing on its application for an exemption. Such hearing shall be held in accordance with Chapter 482-1-065.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**Ed. Note:** Previous rule .08 was renumbered to .07 as per certification filed November 12, 2008.

**482-1-097-.08 Penalties.** Failure to comply with any part of this chapter may result in the suspension or revocation of an authorized insurer's certificate of authority in this state, the assessment of a fine, or by both.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§ 27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended (Rule Number Only):** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**Ed. Note:** Previous rule .09 was renumbered to .08 as per certification filed November 12, 2008.

**482-1-097-.09 Severability.** If any rule or portion of a rule of this chapter or the applicability thereof to any person or circumstance is held invalid by a court, the remainder of the chapter or the applicability of such provision to other persons or circumstances shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§ 27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended(Rule Number Only):** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**Ed. Note:** Previous rule .10 was renumbered to .09 as per certification filed November 12, 2008.

**482-1-097-.10 Effective Date.** This chapter, as revised, shall become effective January 1, 2009, 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 days. All authorized insurers shall comply with this chapter for the year ending December 31, 2008, and each reporting period thereafter, unless the Commissioner permits otherwise.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Ala. 1975, §§ 27-2-17, 27-1-2, 27-3-26, 10-4-113, 27-21A-8, 27-30-22, 27-31-16, 27-34-36.

**History: New:** December 19, 2000; effective January 1, 2001. Filed for codification in the Alabama Administrative Code by the Department of Insurance on November 14, 2005, pursuant to the Code of Ala. 1975, §27-7-43. **Amended:** Filed November 7, 2008; effective January 1, 2009. Filed with LRS November 12, 2008. Rule is not subject to the Alabama Administrative Procedure Act.

**Ed. Note:** Previous rule .11 was renumbered to .10 as per certification filed November 12, 2008.