

**ALABAMA DEPARTMENT OF INSURANCE  
INSURANCE REGULATION**

**CHAPTER 482-1-082**

**HEALTH MAINTENANCE ORGANIZATION GUARANTY ASSOCIATION**

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**482-1-082-.01 Purpose.** The purpose of this chapter is to provide for the implementation of a health maintenance organization guaranty association which was established under Section 27-21A-12(i) Code of Alabama 1975 and the approval of the operation plan of such organization by the Commissioner.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987

**482-1-082-.02 Authority.** This chapter is made and promulgated by the undersigned Commissioner pursuant to the authority set forth in Sections 27-2-17 and 27-21A-19 Code of Alabama 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987

**482-1-082-.03 Applicability and Scope.** This chapter shall apply to all Health Maintenance Organizations licensed in Alabama under the authority vested in the Commissioner and the State Health Officer by Sections 27-21A-12(i) Code of Alabama 1975. All licensed health maintenance organizations shall be and remain members of the association as a condition of their authority to transact business as health maintenance organizations in this state. The association shall perform its functions under the plan of operation approved by the Commissioner and shall exercise its functions through a board of directors elected by the members. The association shall be subject to the provisions of the insurance laws of this state applicable to health maintenance organizations; except that the association shall be exempt from payment of all fees and taxes levied by this state or any of its subdivisions, excluding taxes on real or personal property.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987

**482-1-082-.04 Organization of the Guaranty Association.** Within one month of the effective date of this chapter and after notice by the Commissioner of the time and place of the organizational meeting, the members of the guaranty association shall elect with the approval of the Commissioner at least five and not more than nine members for an initial board of directors. Each licensed HMO shall have one vote in person or by proxy.

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If no directors are elected the Commissioner may appoint directors from the members for the guaranty association. These directors shall serve for one year terms until staggered terms of one to three years are established for the directors by the articles of association. Vacancies of the board shall be filled for the remaining period of the director's term by a majority vote of the remaining board members, subject to the approval of the commissioner. The reasonable expenses of the association and the directors shall be paid by assessment of the members of the association.

The board of directors shall within ninety days of their election meet and promulgate articles of association, bylaws and a plan of operation to govern their activities. These articles and bylaws shall be submitted to the Commissioner for consent and approval before they are effective. The organizational articles of the guaranty association shall be similar to the organizational requirements of the Life and Disability Guaranty Association as required by Section 27-44-1 et seq. Code of Alabama 1975.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987

**482-1-082-.05 Powers and Duties of the Association.** The powers and duties of the association shall be the same as the life and disability guaranty association as enumerated in Sections 27-44-1 et seq. Code of Alabama.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987

**482-1-082-.06 Separability.** If any provision of this chapter or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the chapter and the application of such provision to other persons or circumstances shall not be affected thereby.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987

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**482-1-082-.07 Effective Date.** The effective date of this chapter is May 8, 1987.

**Author:** Commissioner of Insurance

**Statutory Authority:** Code of Alabama 1975, § 27-21A-12(i), 27-2-17 and 27-21A-19

**History:** New April 22, 1987, Effective May 8, 1987